THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

February 17, 1940

China Gets Another Loan from U.S.A.

An Editorial

The Coal Famine in Japan

BY JOHN AHLERS

Jimmie Young's Prediction

AN EDITORIAL

The Outside Roads Mystery

Welles' Tour Stirs Universal Interest; U.S. Seen Promoting Anti-Red Bloc

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What People Are Saying

Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of *The China Weekly Review*.

"SOLD HIS MASTER"

To the Editor:

I am sure the readers of **The China Weekly Review** will be interested in the attached copy of a letter which we sent to **The People's Tribune**, but which the editors of that paper have not published, perhaps for obvious reasons:

"Editor, **The People's Tribune:**

"For many years I have been a reader of your magazine. I have always admired the very pungent writings of Junius Sinicus.

"I was certainly surprised last month to read of your change of policy. In this month's issue you seem to be more pronounced in your condemnation of Chiang Kai-shek, **The China Weekly Review**, and the American public generally.

"For your information the American public is very well informed regarding events in the Far East and the views of Ambassador Grew were the views of the majority of the people in this country.

"Your change of policy is too transparent to deceive anyone. It is only too evident that you are fighting for the Japanese army instead of the land of your birth. I presume that you are Chinese and such a step seems very regrettable. I am well acquainted with the Orient and I can see stability in the Orient only and when China is mistress of her own territory. Japanese occupation of China means the end of American missionary and commercial efforts in that country. I feel that China has made a wonderful showing in the present conflict and the longer the struggle continues the better for China. The efforts of the Japanese military in China are doomed to failure and this means untold suffering for the people of Japan.

"I am sorry to see your change of policy. You may have heard of Judas who sold his master for thirty pieces of silver. He committed suicide. There is a moral to this story which you should consider."

W. E. PRIESTLY

Seattle, Washington,
December 15, 1939

Editor's Note: Mr. Priestly, writer of the above letter, is secretary of the China Club of Seattle, which has an extensive membership of Americans and American-born Chinese who are interested in the promotion of friendly relations between China and the United States. The president of the organization is Clinton S. Harley and the board of directors includes several of the leading men of Seattle. The "People's Tribune," organ of the Wang Ching-wei faction, was published in Shanghai prior to the Japanese invasion, but the entire staff moved to Hongkong as soon as the Japanese occupied the Shanghai district. The paper followed a patriotic Chinese course until Wang Ching-wei deserted his government and joined the Japanese. Recently the paper resumed publication here, but its former patriotic Chinese policy has been changed to pro-Japanese and anti-American, presumably dictated by its new masters—the promoters of the "New Order."

CUSTOMS DIE HARD

To the Editor:

Habit and custom are ingrained in all people, and in none more than the Chinese. Yet it is amazing how firecrackers, inseparable in the past from the celebration of the Chinese New Year, have practically vanished from Shanghai ever since prohibitory edicts were issued by the two foreign municipalities at the time of the hostilities.

The New Year Festival which has just passed was the quietest I can remember in ten years. Except for a few very rare explosions in backyards and alleyways, the once ubiquitous firecracker was conspicuous for its absence. The few that were heard must have been old stock, stored away since the pre-hostilities era.

Hunan Province and South China, including the Portuguese colony of Macao, used to be the principal suppliers of the explosive paper wads which used to make Shanghai days and nights rather nervewracking in the old days. Shanghai's production was quite small and manufacture here is now prohibited.

It would be interesting to find out what has happened to China's firecracker industry, once a very prosperous branch of manufacture. Has the war utterly destroyed it — or is it still carrying on, in modified form, in some of the interior cities?

GUY FAWKES

Shanghai, Feb. 13, 1940

OPPORTUNITY

To the Editor:

Since various works of reconstruction are being pushed in the interior provinces, there is a great demand here for the services of young men, particularly in economics. Young men who know accounting can usually be placed without much difficulty.

T. C.

Kunming, Jan. 17, 1940

THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"

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NATIONAL CITY BANK OF NEW YORK

Rates of Exchange, Shanghai, February 14, 1940

Demand selling rate on New York:
U.S.$1.00—Sh.$14.15

Demand buying rate on New York:
U.S.$1.00—Sh.$13.79

Demand selling rate on London:
£1.0.0—Sh.$56.05

Demand buying rate on London:
£1.0.0—Sh.$54.46

AMERICAN STOCK AND COMMODITY QUOTATIONS

February 13, 1940

STOCKS	*Opening*	*10.30 a.m.*
Amer. Locomotive	Unq.	Unq.
Amer. Waterworks	10¼	10¼
Anaconda Copper	27⅝	27⅞
Bethlehem Steel	77½	78
Chrysler	86½	86⅞
Elec. Bond & Sh.	7⅝	7⅝
Gen. Motors	54⅝	54¾
Goodyear T. & R.	23	23
Gt. Nthrn. Rly., pfd. ..	Unq.	24⅜
Lockheed Aircraft	31	31⅜
Mont. Ward	Unq.	54
N. Y. Central	17	17⅛
Texas Corp.	44½	44½
U. S. Steel	59½	60⅛
COMMODITIES		
New York Cotton, May	10.72	10.70
New York Rubber, May	18.60	18.60
New York Hides, June	14.41	14.44
Chicago Wheat, May ...	—	99¾
Chicago Corn, May ...	—	56
New York Sugar, No. 4, May	—	1.55 B

B—Bid. A—Asked.

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CHINA GETS NEW U. S. LOAN; JAPAN PERTURBED BY MOVE

ON Feb. 7, the Foreign Relations Committee of the United States Senate voted approval of a proposal to expand the capital of the Export-Import Bank by U.S.$100,000,000, thus laying the foundation for a credit loan to Finland and a new credit loan to China. The loan to China, it has been indicated, will amount to U.S.$20,000,000. According to Washington reports, the original bill was specially amended with an eye to giving China additional financial assistance, while Senator Key Pittman, chairman of the Senate Foreign Relations Committee, told the press, after the Committee vote had been taken that "there is a great desire on the part of the Administration to make a further loan to China." The Senate adopted the bill on Feb. 13 by 49 votes to 27.

These circumstances, the sum involved (it is quite small), and the fact that it is the first important American act in the Far East since the lapse of the American-Japanese trade treaty, invest the new loan to China with much more than mere financial-economic significance and Japan has not been slow to grasp this fact. The loan is an important political gesture and as such it is generally regarded. It is a pointed reminder of the fundamentals of American policy in this part of the world: support for China and opposition to Japan's "New Order" in East Asia.

Announcement of the impending loan has had effects which must have been anticipated in Washington. The Chinese dollar, threatened with another bad decline following the Lunar New Year settlement, strengthened briefly, while China's confidence in her ability to continue resisting the Japanese invasion has been renewed. Among ruling circles in Japan, news of the loan has engendered anger and dismay, coupled with vague threats of retaliatory action.

To command a fresh loan from the United States, China's credit had naturally to be good. This point was brought out by Mr. Jesse Jones, chairman of the Reconstruction Finance Corporation, in testimony before the Senate Foreign Relations Committee. China, he said, had borrowed almost all of the U.S.$25,000,000 credit loan advanced by the Export-Import Bank to the Universal Trading Corporation (Chinese Government agency) in 1938, but had already repaid more than U.S.$ 2,200,000 with tung oil shipments. Thus she was far ahead of required payments, although five or six years would be required to liquidate the balance of the indebtedness. China, he revealed, had been seeking a new loan of U. S. $75,000,000.

Mr. Jones also used the occasion to deny that any part of the first loan had been used by China to purchase military supplies. All purchases made with loan funds, he said, had been confined to non-military supplies. It would be the same with the proposed new loan, which China intended to repay by shipments of tin to the United States.

The distinction between military and non-military supplies in a country at war is always a hazy one. A considerable portion of the proceeds of the 1938 credit loan to China was used to purchase trucks and gasoline, which in turn were employed to move supplies (including, doubtless, military supplies) into China along the southwestern highways. The precise purposes to which the new funds will be applied are not yet definitely known. According to the Hongkong *Ta Kung Pao*, as quoted by the *Domei* agency, the fresh U.S.$20,000,000 will be used mainly to reconstruct and develop highways in the interior of China and to purchase trucks, accessories and gasoline. In this connection the paper reportedly emphasized the importance of highway development "for the continuation of the war of resistance," especially in view of the disruption of traffic on the Yunnan Railway as a result of aerial attacks by Japanese bombers.

A spokesman of the Navy Ministry in Tokyo declared on Feb. 8, according to *Domei*, that aerial attacks on the Yunnan Railway, which runs from French Indo-China to Kunming, will be continued by Japanese naval aircraft "so long as the present situation continues." This threat was made good on Feb. 13 when Japanese bombed the line again, destroying tracks and bridges. The spokesman denied that the recent bombing of a train on the line, which resulted in the killing of five French women and children and numerous Chinese civilians, had been deliberate, and said the Japanese Government would be prepared to pay compensation after a full investigation of the matter.

Regarding American representations against the bombing of the railway (a demarche by Ambassador Joseph C. Grew in Tokyo said the United States regarded the line as an artery for the normal transportation of goods destined for the United States and a means of travel for American citizens and diplomats), the Japanese Navy spokesman said they are unreasonable when it is considered that one-third of the power of resistance of the Chungking regime against Japan was being fostered by this "arms supply route" (France, which owns the railway, has denied that arms and munitions are transported to China over the line).

Observers in Tokyo, quoted in a *Domei* dispatch on Feb. 9, saw a connection between the American demarche regarding the bombing of the Yunnan Railway and the impending new loan to China. The Washington Government, they said, was attempting to safeguard shipments of Chinese tin and wood oil to the United States. Practically all of Chinese tin is mined in Yunnan Province.

An unnamed spokesman of the Foreign Office, *Domei* reported the same day, said that Japan would view a new American credit loan to China with "grave concern." According to *United Press* (also Feb. 9), Mr. Yakichiro Suma, official spokesman for the Japanese Foreign Office, put the matter a little differently, declaring that if a loan to China was used *for military purposes* it would be a "very serious matter."

The *Kuo Min Jih Pao*, Kuomintang paper published in Hongkong, urged the raising of the new American loan from U.S.$20,000,000 to U.S.$75,000,000. America's "New Year present" was welcomed, but the amount was far from satisfactory, being too small to bring the Chinese Government out of the present financial crisis, the paper said, pointing out that China was fighting for the interests of the United States as well as for herself. The sum of U.S.$75,000,000 was not exorbitant, the paper added, at the same time urging reconsideration of the amount of the loan so that there would be sufficient money available to enable China to carry out constructive undertakings as well as to meet the needs of the war of resistance against Japan.

Japanese-American relations have become a subject of wide discussion in the Japanese press, especially since the announcement of the new loan to China, which, according to a *Domei* dispatch on Feb. 10 is viewed by the newspapers as "a new American attempt to bring pressure to bear upon Japan." The *Chugai Shogyo Shimpo*, leading Tokyo commercial daily, was quoted as saying that the U. S. Government was contemplating a "moral embargo" against Japan in the event that Senator Key Pittman's formal embargo bill should fail to pass Congress. In addition, the paper charged, America was carrying out a naval expansion program directed against Japan, and preparing an anti-Japanese immigration law in the Philippines. At the same time, the paper alleged, American diplomats were intriguing to form a united front of Western Powers, including not only Britain and France, but Germany and Italy as well, against the projected new central government of China under Wang Ching-wei. Therefore, the paper urged, Japan should "serve a warning" on the United States against the latter's deliberate obstruction of the New Order in East Asia.

The nationalist organ, *Kokumin Shimbun*, urged Foreign Minister Hachiro Arita to abandon his wait-and-see attitude toward the United States. The new American loan to China, the paper said, was an American demonstration of displeasure at the partial settlement of the Asama Maru incident between Britain and Japan, in the same way that Washington's abrogation of the American-Japanese trade treaty was effected at the moment when Anglo-Japanese parleys for a settlement of the Tientsin dispute began to make progress last summer. America would persist in displaying an anti-Japanese attitude at every opportunity unless Japan changed her policy, the paper concluded—without, however, indicating whether the change should be in the direction of a firmer or a more conciliatory attitude toward the United States.

The *Yomiuri Shimbun*, according to *United Press*, charged that Britain and the United States were granting loans to the Chungking Government in order to prolong the Sino-Japanese war and weaken the combatants, so that the two Powers would be able to "erect colonial empires among the ruins." The paper warned Japan to prepare against "the worst eventuality," stating that while the American attitude toward Japan is still in the "bluffing" stage, America is apparently determined to forced the issue if necessary.

The *Ashai* declared that Japan is ready to meet the United States if any challenge is given, and said that achievement of the New Order in East Asia would be an "absolute impossibility" if Japan did not resist American pressure. Denouncing the United States for its "superiority complex," the paper said that this complex was evidenced by American insistence on the Monroe Doctrine in the Western Hemisphere and the simultaneous demand for equality of opportunity and the Open Door in China. Third Powers will not be able to safeguard their interests in East Asia if they do not recognize the new situation in the Far East, the newspaper warned.

American-Japanese relations also figured prominently in debates in the Japanese Diet toward the end of last week. On Feb. 10, Admiral Mitsumasa Yonai, the Premier, warned for the second time within three days that Japan would not tolerate any "oppression" by the United States. He was answering Mr. Yoshiharu Yutani, who had attacked Foreign Minister Arita for his "servile diplomacy" in dealings with America and in the handling of the Asama Maru incident with Britain. Mr. Yutani said that the American loan to China followed a statement by Premier Yonai to the effect that Japan would be willing to accept Chungking leaders, "even Gen. Chiang Kai-shek," as members of Wang Ching-wei's projected government in China.

Expressive of the growing Japanese exasperation caused by America's adherence to her Far Eastern policy was an interpellation in the Diet on Feb. 7 by a Mr. Tadao Matsumoto, who asked Foreign Minister Arita whether the Japanese Government had "the intention to advise the United States to withdraw American residents from China." Mr. Arita replied that the Japanese Government "does not think the present time suitable for the discussion of such a grave question." Informed circles in Washington, according to *United Press*, did not take seriously this implied threat, since any exclusion of Americans from China would stimulate

Uncle Sam Can Stop Munitions

Hsin Hua Jih Pao (Chungking)

reprisals against Japanese merchants doing business in the United States.

An interesting comment on Japan's failure to heed the representations of the United States against the bombing of the Yunnan Railway was made by the Washington *Post*. Tokyo is convinced, the paper said, "that the bark of the United States is worse than its bite. And there is an indication that the Japanese are not far wrong." Pointing out that the U.S. Department of Agriculture recently sold 300,000 bushels of wheat to Japan, presumably to feed the Japanese Army, despite the State Department's "moral embargo" against the sale of instruments of war to Japan, the paper said the Japanese militarists would be justified in arguing that the United States Government does not pursue a coordinated policy.

Yunnan—Key Province in China's War for Independence

JAPAN'S invasion of Kwangsi Province, which resulted in severance of the important highway leading into China from French Indo-China, served to focus attention on the province of Yunnan as the last remaining vital link in China's international transportation system—that it, if one excludes the less important "Red Route" which leads to Soviet Russia through the far western province of Sinkiang.

International interest in Yunnan has been further stimulated by the recent systematic Japanese aerial attacks on the Yunnan section of the railway which, starting at Haiphong and passing through Hanoi, French Indo-China capital, runs to Kunming, Yunnan's provincial capital. French protests against the bombing of the railway, which have forced a suspension of traffic, have been unavailing. Japan has declared her intention to go on bombing the line as long as it is used by China as a supply route—this notwithstanding French assertions that absolutely no military supplies are moving along the railway.

The fact that the line has been used to transport American

exports to China, and Chinese exports to the United States—notably tung oil and tin—caused the Washington Government to make representations in Tokyo against the bombing of this important international traffic artery. At this writing, Japan has not even deigned to reply, while there have been hints that Japan questions the "legality" of the American demarche in view of the fact that the railway is a French property and that the section bombed is in Chinese territory.

Traversing an extraordinarily rugged terrain, the narrow-guage Yunnan Railway has been spoken of as a triumph of railroad engineering ever since it was opened. An extremely colorful description of the line was penned by Harry A. Franck in his book *Roving Through Southern China*, which was published in 1925. This is what he wrote:

"The 290 miles—not as the wild goose flies!—from Koakay, frontier station of Indo-China, to Yunnanfu (now Kunming) is one of the most magnificent pieces of railroading in the world. The constant traveler comes to have small enthusiasm for the mere mechanics of travel, but the Chemin de Fer du Tonkin et du Yunnan presents as many marvels of engineering as of scenery. The French of Indo-China are very proud of it, *et avec raison!* From Hanoi to the border it follows the Red River almost on the level, but once in China it seems to lose the circumspectness of foreign rule, and for two days it winds among and through and ever up the mountains, climbing almost without cessation, digging its claws into abrupt mountain flanks, dashing across ravines, plunging into tunnels, jumping from hole to hole in vertical rock cliffs, at the foot of which roar stony mountain streams straddled by spider-legged metal bridges or viaducts that spring in long graceful arches across what would have seemed unbridgeable chasms. The French tell those who are interested in statistics that between the Chinese border and Yunnanfu there are 152 tunnels and eight artificial galleries, 3,422 viaducts, bridges and aqueducts, the longest with seventeen jumps of eight meters each; they can even tell you the total kilometrage underground and in the air, but suffice it to say that in one place there are nineteen tunnels with ten kilometers, with a total length of 2,253 meters. The mere traveler will be aware of the tunnels mainly by the frequent stuffiness of his coach, sometimes wondering, since the grade is often steep and slow, whether he is ever going to get his lungs clear again, perhaps only to plunge into another shaft before the fine mountain air has begun to disperse the suffocating coal-gas. The viaducts and bridges will be to him little more than respites from this, and magnificent vistas made more exhilarating by the sense of how little stands between him and a sudden death at the bottom of the mighty gorge below. The building of this line must have been heartbreaking, for no sooner had they tunneled solid rock than they must spring across some great chasm by a stork-legged bridge to begin the task anew on the other side, here crawl along under an overhanging cut-out of rock, there build the line up on stone supports, forever tunnel and bridge, until it is not hard to believe the legend, commonplace as it is, that the line cost a coolie life for every rail.

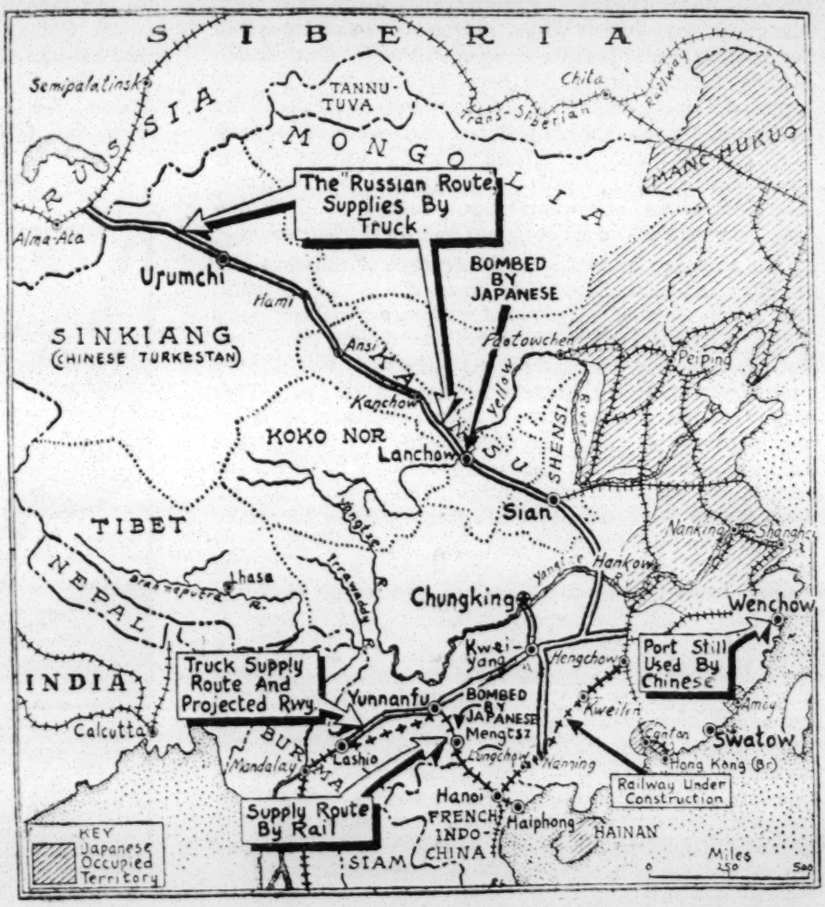
"From both the engineer's and the tourist's point of view perhaps the finest stretch is the mighty horseshoe curve of the false Nam-ti, one of the regions most striking for the Alpine grandeur of its abrupt and savage landscape. The vegetation has little by little abandoned its tropical character, to take on that of the temperate regions; there are terraces everywhere, steeper than stairways, long, but as narow as they are high, the mountains about them mirrored in their new-rice-dotted waters: the scene appears and reappears beyond tunnels and from various places of vantage, like a moving picture of the same splendid thing from many angles. A single great hair-pin turn lasts for hours, through a score of tunnels, at the end of which we are just on the other side of the gorge, an easy rifle-shot from where we started. In places the train seems to be a playful puppy chasing its own tail; in others, as it dashes across flying bridges and into jagged holes piercing the mighty rock ranges, up through which the little locomotive shrilly toots its way in a distressing European falsetto from sea-level to, in one place, an altitude of 8,000 feet, it seems some hunted thing frantic n its efforts to get through and over the mountains and away. Given this constant twisting, winding, and rising on a narrow meter-gauge, it is not strange that the Yunnan Railway is almost as famous for seasickness as the bounding main."

That's the railway. The Sino-Japanese war, leading to Japanese occupation of all China's leading ports, made of the line a vital artery of international trade. Now it has been disrupted by devastating Japanese air-raids and China is obliged to concentrate added attention on highway transportation, while at the same time a railroad connecting Yunnan with British Burma is under construction. The highway linking Burma with Yunnan is meanwhile meeting much of the need for international highway transportation.

Three American highway experts, headed by Maurice E. Sheahan, were in China recently to advise the Chinese Government on highway construction and improvement. Mr. Sheahan expressed the view that the Japanese invasion of Kwangsi, while it had cut the highway running through that province to French Indo-China, would not affect the flow of goods along China's southwest lifeline, since a short-cut road linking Chungking with Hanoi had almost been completed and the Chinese Government was making every effort to build more such communication links. Traffic was moving uninterruptedly along the Burma-Yunnan road, he also stated. The Burma-Yunnan road acquired added significance with the recent completion of a highway linking Chungking with Kunming via Kweichow Province.

In an effort to coordinate the road transportation system, a semi-official concern known as the China Transport Corporation was inaugurated in Chungking on Jan. 1 with a capital of Ch.$ 50,000,000. Its initial program will include regulation and coordination of transport on the trunk roads in the Southwest and it is believed that the company will have charge of the expenditure of a considerable portion of the new American loan to China, which will be largely devoted to purchase of American trucks and gasoline for use in the Southwest.

Where Nippon Bombers are Active



Japanese planes have been bombing the Yunnan-French Indo-China Railway at various points. Recently they were bombing Lanchow, capital of Kansu, which is situated on the "Red Route" to Soviet Russia.

Japan's Coal Famine and its Causes

BY JOHN AHLERS

SHORTAGE of coal is one of the major economic problems confronting Japan today. This shortage has assumed alarming proportions and is growing more acute, with no early relief in sight. The new Yonai Cabinet, it is reported, devoted half of its first sessions to the discussion of this problem, but it is obvious that it has not been solved. In a frantic effort at least to maintain the recent volume of the coal supply of Japan proper, the Tokyo Government is encouraging shipment to Japan, regardless of cost in terms of yen, of all coal stocks freely available in the Japanese sphere of power. Korea, Formosa, the Kwantung Leased Territory, Manchuria and North China proper are being squeezed for coal to keep Japan's economy going. The Kailan Mining Administration has been induced to stop shipments of Kaiping coal to Shanghai and to increase deliveries to Japan. Even the Nipponese fighting forces have been prevailed upon to release to the industries on the main island of Japan large stocks of coal held at Chinwangtao, Tsingtao and at a special supply base in south Saghalien. Nevertheless, coal in Japan is scarcer than ever.

The shortage of coal is at the bottom of the appalling shortage of electric power in Japan and which, in turn, has led to further restrictions of production not only in the already heavily curtailed peace-time industries, but also in the war industries. Several times in the past few weeks, a complete breakdown of the power supply in the Kwansai and Kwanto districts in Japan was narrowly avoided "by inches only," Tokyo papers are compelled to admit. Japanese households, of course, cannot get sufficient coal either, and many Japanese schools and government offices have to carry on totally or partially without heating. The same officials who appealed to the Nipponese people this winter to go without overcoats in order to economize on clothing, are now wearing overcoats at their desks to permit economizing on fuel.

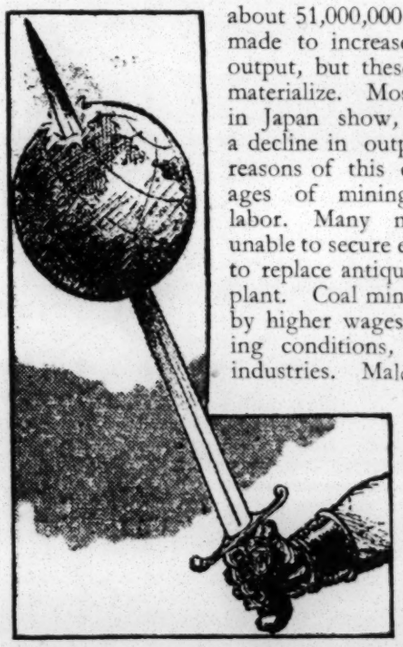
In Formosa, the shortage of coal, and the resulting shortage of power, prevent the sugar refineries from going full blast, while the cane of the last harvest is rotting. Sugar shortage in the Japanese Empire is the consequence. In Korea, most of the industries in the Seoul (Keijo) district around the country's capital have been compelled to restrict activities. In Dairen, a panicky population held public protest meetings against the coal shortage, and was by no means soothed by official assurance that government offices also economize on coal by shutting off steam heat daily from 1 p.m. Mukden, Harbin, and even Changchun (Hsinking) are equally short of coal. Peiping has suffered from coal shortage throughout this winter, and Japanese cotton mills in Tientsin and Tsingtao had to further reduce activities by reason of shortage not only of cotton, but also of coal. The coal famine recently spread to Shanghai, cut down the supply of Kailan coal, strongly boosted local coal prices, and begins compromising the smooth running of Shanghai industries. In particular, local Japanese cotton mills, absorbing monthly some 30,000 tons of coal, are reported to be suffering badly from insufficient fuel supply.

In the last analysis, this coal shortage throughout the Japanese sphere of power is the latest disagreeable surprise bestowed upon Japan by the China war. Had Tokyo not exhausted its foreign exchange reserves, Japan today could buy sufficient quantities of coal in countries outside the Yen Bloc. Had the Nipponese mercantile marine remained in normal employ, Japan today would have sufficient shipping space available for shipment to her main islands of any volume of foreign coal. Had the Japanese military not devastated and occupied North China, coal production in the regions between the Yellow River and the Great Wall would be considerably higher, and the producers gladly would sell to Japan whatever coal she might desire. Finally, had the Kwantung Army not developed its continental war base to the present extent, Manchuria alone would have a coal surplus large enough to satisfy the total coal import requirements of Japan.

Technically, in terms of coal economy, the situation is simple. Demand for coal has strongly increased in Japan proper, but the coal output is on the decrease. In Manchuria, coal production has increased, but falls short of the Five-Year Plan schedules, and the increase in the demand surpasses the rise in production. In North China, the total coal output remains far below the pre-war figures.

The Tokyo Government estimated Japan's coal demand for the year 1939-1940 (ending March 31, 1940) at around 60,000,000 tons. Coal production in Japan during the previous coal year, 1938-1939, was about 51,000,000 tons. Plans were made to increase the Japanese coal output, but these plans failed to materialize. Most of the coal mines in Japan show, on the contrary, a decline in output figures. Chief reasons of this decline are shortages of mining equipment and labor. Many mines have been unable to secure equipment sufficient to replace antiquated and worn-out plant. Coal mine labor is attracted, by higher wages and better working conditions, to the munitions industries. Male mining labor has been replaced, to a certain extent, by female and child labor. The efficiency of Japanese coal mining consequently dropped. All in all, Japan finds herself confronted with an unprecedented import demand for some 10,000,000 tons of coal annually, i.e. of some 800,000 tons per month.

The World Today



Weltwoche, Zurich

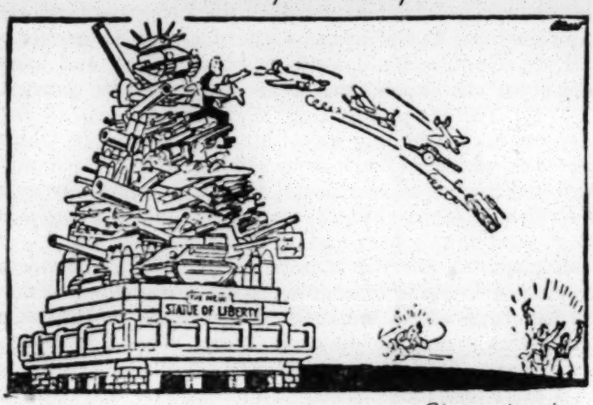
The Japanese development plans in Manchuria anticipated for 1939-40 a coal production total of 20,900,000 tons. These plans did not materialize either. The Hsinking Government admits that during the past calendar year Manchurian coal output was some nine per cent short of the plans. Manchuria's coal output, therefore, is unlikely to surpass for 1939-40 a volume of 19,000,000 tons. This figure, at first sight, appears to compare favorably with Japan's import demand of 10,000,000 tons, but Manchuria herself has become an important coal consumer. The country has but little coal to yield to Japan, and the Kwantung Army jealously watches over the supply. Manchurian coal consumption for 1939-40 has been estimated at 18,500,000 tons, so that about 500,000 tons of coal is all Japan will get from Manchuria this year. Manchuria will cover only five per cent of Japan's coal import demand.

What about North China's coal resources? Two years ago, Japanese propaganda advertised the most ambitious plans of coal mining development in North China. Had those plans materialized, the Tatung mines

in North Shansi alone would produce all the foreign coal Japan needs. Nothing of the kind has happened. prior to the Sino-Japanese war, North China's coal out-Put aggregated some 15,000,000 tons. Last year, before the disastrous floods which inundated Mentoukou, the Japanese estimated North China's coal production for 1939-40 at 12,000,000 tons. Today it is likely to stay below 11,000,000 tons. The British-owned Kailan Administration mines alone account for over 6,000,000 tons of that figure, leaving for the Japanese-managed mines less than 5,000,000 tons.

The present volume of coal production in North China, in normal times, would be just sufficient to cover North China's own coal demand and to provide for moderate shipments of Kaiping coal to Shanghai. In their desperate coal plight, however, the Japanese

New Style Liberty



Glasgow Record

are curtailing coal consumption in North China and interfering with coal shipments to Shanghai in order to make coal available for shipment to Japan. Last calendar year, they squeezed out of North China five times more coal than they could secure from Manchuria. In 1938, Japan imported from China 1,900,000,000 tons of coal. Last year, this figure was increased to 2,400,000 tons and, including coal shipments to Korea and the Kwantung Leased Territory, to 2,853,000 tons. This coal was valued by the Chinese Maritime Customs at $29,000,000 and formed 34 per cent of all Customs-registered Chinese exportations to Japan. In bulk and in value, coal is by far the most important supply which the Japanese get out of their new conquests in China.

Despite the squeeze of the occupied areas in China, the coal shortage in Japan remains calamitous. Japan's coal imports from North China proper and Manchuria last year aggregated only 3,000,000 tons, and the coal import demand for 1939-40 is about 10,000,000 tons. There remains a deficiency of 7,000,000 tons which Japan neither has the foreign exchange to buy in, nor the shipping space to import from, third countries. Supply is almost 12 per cent short of demand, and coal consumption in Japan proper will have to be curtailed by that percentage. The dire consequences for Nipponese industries and the whole economic life of Japan are obvious.

Another Essential Airplane Metal Denied to Japanese

The Climax Molybdenum Corporation of Denver, Colorado, producer of 70 to 85 per cent of the world's output of the steel alloy metal—molybdenum—announced on Dec. 30 that it would make no more sales to Japan, Germany or Russia. The steel alloy metal recently was listed as an "essential" in the manufacture of airplanes and previously large quantities were exported to Japan. According to the *Associated Press* dispatch, referring to the action of the Climax Company, the metal molybdenum is a hard silver-white metallic element, the production of which is practically monopolized in the United States. It is widely used in the manufacture of airplanes.

"Little Difference Between Nippon-Nazi Wars of Conquest"—Lehrbas

Lloyd "Larry" Lehrbas, the *Associated Press* correspondent who covered the Japanese invasion at Shanghai and elsewhere in the Yangtsze Valley in 1937-1938 and later was transferred to the European front, says that there are many points of similarity in Japanese and Nazi military tactics. In an article in the *Washington Post* on Dec. 31, Mr. Lehrbas give his impression of wars on the two continents to the following effect:

"War, whether in an Asia lightly veneered by western civilization or in the heart of continental Europe's ages-old culture, tastes, smells, sounds and looks much the same.

"The romantic trappings and heroic sacrifices of men fighting for conquest or to defend their good earth give you the same goose-flesh thrills.

"The mud, vermin, blood and suffering have a numbing and futile sameness.

"And a pagoda and a Polish palace are both just piles of broken brick and debris when they crumble beneath bombs.

"It's difficult to tell a dead Chinese awkwardly sprawled in a rice-paddy from the dead Japanese clutching at the sky on the other side of the sprouting green ricefield.

"Dead and mangled Poles wear a different colored uniform from dead and mangled Germans.

"You get so you don't look any more.

"The fighting, still surging over China after two years and five months, has killed and wounded more men, women and children, caused greater and more widespread destruction and suffering and brought more tears and terror to millions than were left in the wake of four years of the World War.

"In 17 days and nights of thundering guns and lightning attacks in Poland I saw guns, planes and tanks spread more death and destruction than were Belgium's black heritage from the World War.

"It simply takes longer to kill and maim and make homeless wanderers out of 440,000,000 Chinese spread over the vast map of China than it did to kill, capture or make 35,000,000 Poles men without a country and rub their thousand-year-old history as a nation off the record.

"Japanese and German planes swooped like destroying hawks over Chinese and Polish cities and towns, and human specks running around desperately to avoid death were as helpless as barnyard chickens.

"There were not enough bomb shelters anywhere and Polish clerks and Chinese peasants dug shallow trenches or ran into the open fields.

"You expect soldiers to die, but when you see plain, everyday people dead in the ruins of their homes, dead in shallow trenches, and dead in harvest fields and woods you can not help but feel you are in an age of insanity.

"The Chinese and Polish armies fought back gallantly here and there but were unable to stand up against the mass and power of the invaders' attacks with their overwhelming superiority in planes, tanks, artillery and other fast and death-spraying mechanized and motorized equipment.

"It was human clay throwing itself against sharp-pointed steel.

"Japanese and German supremacy in the skies enabled them to watch and know every move of their prey, bomb and demoralize the population far behind the swaying battlelines, and maneuver motorized columns to smash every attempt the defenders made to concentrate their strength, dig-in or counter-attack.

"The Chinese and Poles, without aerial eyes, could only fight back blindly until they were killed, overwhelmed or surrounded and marched into captivity.

"And the civilians—men, women and children—in both China and Poland died in greater numbers and suffered in greater degree than their armies.

"There were differences in the wars in China and in Poland, but they were most frequently differences merely in point of view."

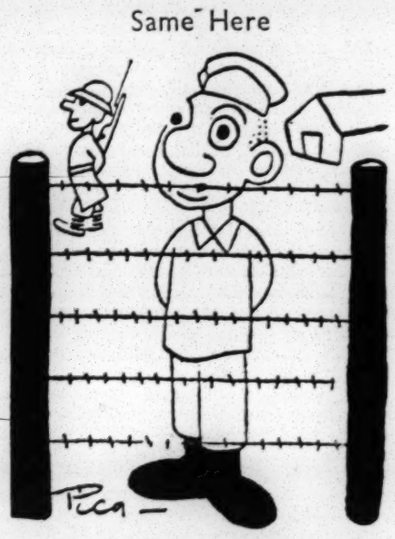
No Trace of Nanking Embassy Robbers

The Japanese authorities in Nanking have been unable to find the robbers who broke into the premises of the British Embassy in that city on the night of Thursday, Jan. 25. The robbers broke open the office safe and made away with the sum of $50,000, said to have been placed there for safe-keeping by the British-American Tobacco Company. The money represented receipts from sales in Nanking, according to the report. The account in the *Tairiku Shimpo*, Japanese organ, stated that two Chinese night watchmen opened the office door, thinking the men were officials. The robbers tied the watchmen and leisurely broken open the safe, removed the money and departed. The Japanese gendarmes arrested all Chinese servants and watchmen, who are still being detained. The original report in the Japanese paper stated the sum stolen was $500, but later reports disclosed the sum was $50,000, Chinese currency.

Outside Roads and Gambling-Opium Resorts—The Authority to Negotiate!

THERE have been so many mysterious developments and so little authoritative information from official quarters pertaining to the rumored settlement of the so-called Outside Roads question, that the Shanghai public is completely bewildered on the subject.

But a little daylight is beginning to filter in. On Monday evening of this week the Publicity Office of the Shanghai Municipal Council issued a brief statement to the effect that the text of an agreement between the Council and the local Chinese authorities, "which was published in the *Evening Echo*, was not the correct text of the agreement between the two municipalities which it is hoped will shortly be initialled."



Canard Enchaine, Paris

German War Prisoner in France: "Just like being back in Germany."

The *Evening Echo* is an obscure journal supposedly affiliated with one of the local puppet governments, hence the reference to the journal in an official statement of the Secretary and Commissioner General of the S.M.C. aroused considerable curiosity on the part of the public. But the editor of the *Echo*, due to his connections, apparently thought he was on the right track. The draft, obviously a mere outline, which appeared in the Monday evening (Feb. 12) issue of the *Echo* was as follows:

1.—The Shanghai Special Municipality will establish a force to be known as the Shanghai Special Police Force for the Western District.

(A) A Police Station and branch offices will be established in this district.

Jurisdiction

(B) The jurisdiction of the Shanghai Police Force will not be interfered with by other police forces.

2.—The members of the Shanghai Special Force will be selected after consultation between the Shanghai Municipal Council and the Shanghai Special Municipality and part of this force, including its Superintendent, will be selected from among members of the Shanghai Municipal Police.

Liaison Officer

3.—A liaison officer will be appointed by the Shanghai Municipal Police who will keep in touch with the new force.

(A) Affairs concerning foreign residents in the area under the jurisdiction of the Shanghai Special Police Force will be dealt with by members of the force recommended by the Shanghai Municipal Council.

(B) Matters of importance will be decided in consultation with the Mayor of the Shanghai Special Muncipality.

4.—In case of any disagreements of opinion concerning the administration of the Shanghai Special Police Force, these will be decided after consoltation between the Director of this force and the Commissioner of the Shanghai Municipal Police, and should it be found impossible to reach a decision, such matters will be referred for settlement to the Mayor of the Shanghai Special Municipality.

A brief introductory paragraph alleged that these terms had been agreed upon as a result of negotiations "now in progress between Cornell S. Franklin, Chairman of the Municipal Council, and Fu Siao-en, Mayor of the Municipality of Greater Shanghai, for the establishment of a special police force to control the extra-Settlement roads area in the Western District."

Chief interest in the alleged agreement naturally was concerned with Paragraph 4 which stated that in case of disagreement between the so-called "Special Police Force" to be set up in the area and the Police Department of the International Settlement "questions would be referred for settlement to the Mayor of the Special Municipality," otherwise Mayor Fu Siao-en. It was this disclosure which probably prompted the Secretary and Commissioner-General of the Settlement—Mr. G. Godfrey Phillips—to make an official and hasty denial of the report published in an obscure journal.

Mr. Phillips just returned to Shanghai from a vacation trip to Hongkong, Indo-China and Singapore, which he took after gangsters from the so-called "Badlands" area had tried to murder him. Since the assassins escaped into Japanese-controlled territory where most of Shanghai's new gambling houses and opium dens are located, it was surmised that the attempt to kill Mr. Phillips was concerned in some manner with the negotiations which he had been conducting with the Japanese and Chinese authorities over the Outside Roads issue. Although Fu Siao-en, Mayor of the Special Municipality, stated in a press interview that the gangsters who had tried to kill Mr. Phillips were being held by the Japanese military authorities, no statement on the subject was issued from that quarter.

It is obvious that a settlement of the Outside Roads controversy, involving the re-establishment of police control by the authorities of the International Settlement, would affect the gambling and other vice establishments in that area. Therefore, there was special interest in an announcement of the Japanese military spokesman on Monday that "clean-up" operations against these places were to be undertaken by the Special Service Section of the Japanese Army. This, apparently, was the first official admission by the Japanese army authorities that their so-called "Special Service Section" (SSS) was responsible for the control of the gambling resorts. The *Shanghai Evening Post*, in referring to the statement of the Japanese spokesman, said there was considerable mystery about the matter because a new million dollar den had just been opened in a former school building at Tifeng and Bubbling Well Roads, only a short distance from the border of the Settlement proper. Two other large houses, where gambling and opium smoking are conducted, were also opened in this district recently.

The Japanese military spokesman said that no date had been set for closing the dens, but rumors were in circulation that notices had been issued ordering the joints to close by the end of the present month. However, there were other reports published in the Chinese papers to the effect that the Nantao section of the Chinese City, recently reopened after Japanese military occupation for more than two years, would shortly become a second "badlands" for the operation of gambling houses and opium joints.

HONGKEW NEGOTIATIONS FAILED?

The *Shen Chow Jih Pao* (*National Herald*), one of the leading Chinese papers in Shanghai, said that negotiations between the authorities of the International Settlement and the Japanese for the "return" of the Hongkew section to the control of the Municipal Council "had failed for the same reasons that the negotiations

over the Outside Roads area had failed—the insincerity of the Japanese."

The Chinese paper charged that the Japanese military authorities are trying to convert the Shanghai district into a "second Port Arthur or Dairen," through the construction of roads connecting western Shanghai and Nantao with the Hongkew area." The Japanese object, according to the paper, is to menace the security of the foreign concessions, lower the prestige of the foreign municipal council and jeopardize third-power rights and interests in the city.

The attitude of the Powers toward the Shanghai question "cannot be separated from their fundamental policies toward China and the Far East," declared the paper. Any further concessions to Japan will undoubtedly affect the situation at Shanghai and those who are pursuing a policy of neutrality or non-intervention "are jeopardizing their own interests, economic and political, in China. Any recognition of puppet authorities by negotiating with them, will only have the effect of binding their (the foreigners') hands in future." In concluding its warning, the Chinese paper pointed out that Shanghai is of special commercial importance to third powers; that 80 per cent of American investments in China are concentrated in Shanghai; that Chamberlain's policy of compromising with the Japanese had only resulted in further violation of British rights in Japanese-occupied areas. Britain's failure to appease the Japanese by making concessions, "should serve as a warning to other third powers in their dealings with the Japanese."

AUTHORITY TO NEGOTIATE?

The secrecy which has surrounded the negotiations over the Outside Roads and Hongkew questions has aroused considerable apprehension on the part of local residents and property owners, due to the fact that such negotiations apparently are contrary to the officially expressed policies of both the United States and Great Britain. The United States Government on May 17, 1939 formally rejected Japan's request for a revision of the Land Regulations (city charter) of the International Settlement. In a formal note addressed to the Japanese Government, delivered to the Tokyo Foreign Office by Ambassador Joseph G. Grew, it was stated that the question could not be considered "pending the development of more stable conditions. The American note added that no satisfactory agreement regarding the International Settlement "could be reached between the United States and Japan at this time because of abnormal conditions resulting from the Japanese military invasion of China. The note also warned the Japanese against taking advantage of developments which originated elsewhere and are prejudicing the international character of the Shanghai Settlement. It urged the Japanese to return the areas north of Soochow Creek to the authority of the Shanghai Municipal Council. The U. S. Government, stated the note, "would be ready to become a party to friendly and orderly negotiations properly instituted, regarding any needed revision of the Shanghai land regulations."

The British reply to the Japanese demand, while not published, was stated to be similar to the American reply.

HONGKEW PASSES UNREQUIRED

The Japanese naval spokesman announced on Wednesday morning that Chinese no longer would be required to present passes to the guards on the bridges in order to enter Hongkew, northern Hongkew or Chapei. The Japanese guards, long a source of trouble to Shanghai residents, will continue to remain on the bridges connecting the downtown section of the Settlement with the Hongkew area, according to the Japanese spokesman, the object being to continue supervision over trucks carrying merchandise between the two areas. The Japanese announced that "bodily searches" of Chinese and their belongings "may be made when necessary." The Japanese also stated that restrictions against Shanghai transportation utilities operating in Hongkew, Wayside, Yangtszepoo and Chapei would be continued "for the present."

Chinese desiring to return to their homes in the Hongkew, Chapei, and northern Hongkew areas would be required to obtain special permits for heads of families from the Reconstruction Section of the Japanese Special Naval Landing Party.

Passes will still be required for Chinese passing through the Army-controlled areas of west Shanghai, according to the announcement.

While the Japanese announced that the slight relaxation of restrictions on Chinese was being taken "for the convenience of the Chinese and third-party nationals," it was suspected that the action constituted part of the arrangement concerning the Outside Roads which was under discussion between the Settlement authorities and the Japanese and Chinese authorities. The Japanese Naval Spokesman stated that the residents of the "north-of-the-creek" districts were being "put on good behavior."

British Realty Firms Earn Largest Profits in History

The Shanghai Loan and Investment Company, Ltd., and the Central Properites, Ltd., earned large profits in 1939, according to reports submitted to the annual meetings held last week. Profit earned by Shanghai Loan Investment Company, amounting to Ch. $988,096.11, was largest in the Company's history which extends over a period of more than 20 years. A balance of $41,482.34, carried over from the previous year, brought the total of the profit and loss account to Ch.$1,029,578.45, which amounted to 56.5 per cent of the Company's paid-up capital. The amount appropriated to the dividend account was $322,099 12 as compared with $111,349.15 for the previous year. The credit balance at the bank, amounting to $135,870,32, was sufficient to enable the Company "to take full advantage of any promising investments offered," stated the report. Directors' fees were increased from Tls. 600 to $1,500 per annum.

The general meeting of the shareholders of Central Properties, Ltd., was also held on Feb. 6 at the offices of E. D. Sassoon and Company, Ltd. The chairman, F. R. Davey, reported that the Company's assets now included two fully-developed properties which previously had formed security for a mortgage of Ch.$1,500,000. He stated that the properties were today worth much more than the $1,800,000 for which they had been acquired in 1939. The chairman stated in his report that profits earned would have permitted a larger distribution of dividends, "but it was deemed appropriate to continue the policy of keeping the Company's position liquid so as to enable it to deal adequately with any contingencies which may possibly arise." The Board reported that it had donated $5,000 to the Central British War Fund. It was voted to appropriate the sum of Ch.$1,008,423.12, which was made up of $405,453.59 representing net profits for 1939, and $602,969.53, carried forward from the previous year, (1) to pay dividend of 15 per cent on the capital of $1,800,000 amounting to $270,000; (2) to write off the balance of a debenture underwriting commission amounting to $186,000; (3) to write off from properties accounts $100,000; to carry forward $452,423.12, making the grand total $1,008,423.12. Among those attending the meeting, aside from the chairman, were Li Ming, Chinese banker, and M. Speelman, head of the French International Savings Society. The general manager of Central Properites, Ltd. is E. D. Sassoon and Co., Ltd., one of the leading enterprises of Sir Victor Sassoon, well-known British capitalist and real estate owner, who is in the United States on a business trip.

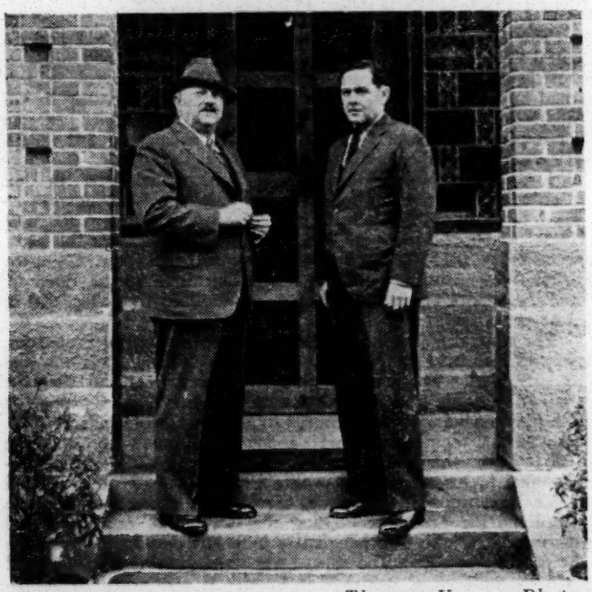
Of interest in connection with the foregoing reports was an account in the local Japanese military organ, *Tairiku Shimpo*, stating that the tenants of the Pearce and Boone Apartments, located in the Japanese Army-controlled Hongkew section, had voted to continue their strike against an increase of rentals which had been in progress for eight months. The tenants, members of a so-called Tenants League, apparently are mostly of Japanese nationality. The apartment buildings are owned by another leading British realty concern known as Shanghai Land Investment Company, Ltd. At a meeting of tenants held recently, members charged that the Company had attempted to break up the "united front" by making compromises with individual tenants. The meeting voted to reject the landowners' demand that half the monthly rent be paid in English pounds, and also decided to continue to withhold payment of the accumulated rental until the Company agreed to a maximum 10 per cent increase in rent based on Chinese currency. The *Shanghai Mainichi*, another Japanese paper, stated that the meeting demanded that rentals be stabilized for at least one year.

Jimmie Young Predicted Present "Gloomy Winter in Japan"

THE fact that James R. Young, Hearst correspondent, had predicted the present "gloomy winter in Japan," in an interview which was published in *The China Press* while Mr. Young was in Shanghai, was cited as a further reason for his arrest and continued detention without trial, according to a *Havas* message from the Japanese capital which was published in Shanghai on Feb. 9. The *Havas* message quoted further reference to the Young case which had appeared in the Tokyo journal *Shimbun-no-Shimbun*, to the effect that while Mr. Young was in Shanghai he had given an interview to *The China Press* which had displeased the Japanese military officers here and in consequence they had paid close attention to his actions while he was traveling in China.

The Tokyo paper also disclosed that Mr. Suzuki, chief of the foreign news department of the *Yomiuri Shimbun*, a leading Tokyo daily, had also been summoned to the police station and questioned about his relations with Mr. Young. The *Yomiuri* publishes the dispatches of *International News Service*, of which Mr. Young was correspondent in the Far East.

The *Shimbun-no-Shimbun*, a small Tokyo scandal sheet, somewhat on a par with the "mosquito" papers once published in Shanghai, alleged that W. R. Hearst had "gone into a fury" when he heard of Mr. Young's arrest and had sent the correspondent a cable warning him that "Hearst's papers and information should always be impartial and dynamic." This statement was false as Mr. Hearst's cable, addressed to Mrs. Young, stated, "Imprisonment of Jimmie great shame as our papers always have been very fair and just to those people and they show little appreciation." The Tokyo scandal



Thomas Kwang Photo

James R. Young (right), correspondent in the Far East for Hearst's *International News Service*, standing with the American Ambassador, Nelson T. Johnson, on the steps of the American Embassy at Chungking. Mr. Young's articles written while at Chungking—about Japanese military activities in China—were cited as one of the causes for his arrest and detention, without trial, by the Japanese police in Tokyo.

sheet concluded its comment on the case by saying that "many undesirable foreigners have in the past acted in Japan in the mask of newspaper correspondents. . and for the sake of Japan and for the correspondents themselves, it would be convenient to purge all such people."

With reference to Mr. Young's interview which was published in *The China Press*, it was quite correct that he did predict the present "gloomy" winter in Japan, caused by the shortage of food, coal, electricity, clothing materials and medicines. The interview, published last autumn when Mr. Young first arrived here, indicated that he was familiar with critical conditions prevailing in Japan and probably was the first newspaperman to state the situation in an interview or newspaper article.

According to reports from Tokyo this week there are rumors of further charges against the American correspondent (other than those previously referred to in these columns) to the effect that:

1—He made definite statements in news dispatches concerning Japanese army secrets, such as the number of troops in certain towns in China.

2—He stated that Japanese prisoners are in the hands of the Chinese

Note—These statements in Mr. Young's dispatches did not tally with official Japanese Army statements as reported to the War Office in Tokyo.

3—Mr. Young had misinterpreted some statement or speech by a Japanese army officer in Shanghai.

Additional information has also reached Shanghai from Tokyo concerning the details of Mr. Young's arrest. Mr. Young was in his office at the Imperial Hotel on Sunday morning (Jan. 21) when he was informed that the police were downstairs in the lobby of the hotel looking for him. He immediately telephoned to Ambassador Grew who sent Wm. Turner, second secretary, to the hotel immediately. Mr. Turner had recently arrived in Tokyo from Dairen where he was American Consul. The police went upstairs to Mr. Young's office and apartment and told him that he had to go to the Marunouchi police station. Mr. Turner accompanied him to the station and told the police officers that he was speaking for the Ambassador and that Mr. Grew had promised to produce Mr. Young at all times, but demanded that he should not be put in jail. Mr. Turner told the police that the Embassy and U. S. Government and Mr. Grew personally would be responsible. This offer, on the part of Ambassador Grew, was refused.

As Mr. Young was led away he called to his wife to remain in their office and apartment and prevent the police from taking his papers, but he had not been gone more than ten minutes when three men of the "ruff-neck" type came to the door and threatened to smash it unless they were permitted to enter. Mrs. Young again phoned the Embassy and was advised to inform the police that they were intruding on American private premises and that she would "inform the American Embassy." The policemen replied to this by saying that they were acting under orders from their "boss" and "did not care a thing about the American Embassy." Mrs. Young then asked the policemen what they wanted and they replied "news," and proceeded to carry off three large baskets of papers, pictures, carbon copies of dispatches, newspaper files and clippings, private correspondence, etc.

Mrs. Young then went to the police station with the secretary of the American-Japan Association, a Japanese named Mr. Takada, who acted as interpreter. They spent 2½ hours arguing with the police about supplying Jimmie with warm bedding. He was compelled to sleep on a cold cement floor in an unheated building, without mattress or bedding of any kind. By persisting, Mrs. Young was finally able to induce the police to permit their American prisoner to have a pillow. Later, Mr. Turner from the Embassy succeeded in supplying Young with an army blanket and his leather ¾-length, fur-lined coat. Due to the lack of heat and absence of bedding, Young became very cold, particularly at dawn. The Japanese refused to permit him to have any articles of clothing "with which he might hang himself, such as suspenders, belts, sheets, regular woollen blankets," bath or face towels, pyjamas, long socks. While they permitted him to have a hot water bottle and wash cloths, which he used for towels, they refused to permit him to have any soap and also refused to permit him to take a bath. He was allowed to have a clean shirt after the first week.

At first the police permitted Mrs. Young to send her husband notes and allowed him to reply, but later they would not permit her to see his notes, although they informed her of the contents. Two policemen call at the hotel and interviewed Mrs. Young every day and five are stationed about the lobby and building to observe her every movement. Once she went out—to attend a luncheon at the Canadian Legation—and it created such a commotion that the streets about the hotel were crowded. When going to the American Embassy, the police followed her all the way and at every street corner a policeman stepped from his "box" and stood while Mrs. Young passed, following which he ran to the telephone to report the important event to headquarters.

That large numbers of Japanese are not in sympathy with what has been done has been evidenced in innumerable ways, one being the filling of Mrs. Young's room with flowers and fruit, mostly sent by Japanese. But while Suma, the spokesman of the Foreign Office, stated that Mr. Young had been charged with the circulation of "seditious and scandalous" reports about the Japanese Army, no specific charges had been lodged against him up to the time these paragraphs were written (Feb. 13). An undoubtedly important element in the case was Mr. Young's action in addressing a gathering of 50 leading Japanese businessmen on conditions in China. He had also addressed other smaller groups, the addresses proving so popular that he had been dated for five further addresses the following week. But while his addresses were popular, in that they supplied information unknown in Japan, no newspaper in Tokyo dared print anything about them. The *Japan Advertiser*, American paper, couldn't print Young's addresses as news reports, but did print a brief item in the "social" column.

Latest report was that the police had relented slightly and permitted Jimmie to have some more blankets. They also permitted Mrs. Young to supply her husband with three suits of woollen underwear, two pairs of woollen socks and a beret for his head—all of which he was wearing "at the same time" according to the police report. The police claimed they are permitting him to have more necessities "than is in the book of rules."

It was suspected that the telephone wires leading to Mrs. Young's apartment at the hotel had been "tapped" and connected with a dictaphone.

Mr. Young's home in the United States is at Springfield, Illinois. Mrs. Young's home is at Mansfield, Ohio.

Sumner Welles' European Tour Stirs World Interest; U.S. Seen Promoting Bloc Against U.S.S.R.

NEWS from the European war fronts has been completely overshadowed during the past week by reams of speculative comment on the decision of President Roosevelt, announced last week-end, to send Mr. Sumner Welles, Assistant Secretary of State, on a tour of Europe's capitals. He will be accompanied by Mr. Jay P. Moffat, head of the European Division of the State Department, and Mr. Lucius Johnson, Third Secretary of the American Embassy in Panama, who will act as Mr. Welles' secretary, according to a *Havas* dispatch from Washington.

While the precise aims of Mr. Welles' visit to Europe have not been officially disclosed, the view has gained ground that the Assistant Secretary of State will endeavor to gain the support of neutral countries for President Roosevelt's previous peace proposals. This, in turn, taken in conjunction with the manifest worsening of American-Soviet relations, has engendered the idea that the United States Government has embarked upon an attempt to bring a halt to the war between the Allies and Germany and create a European bloc against the U.S.S.R.

Simultaneously with the announcement of Mr. Welles' trip to Europe, it was disclosed that the State Department had initiated talks with European neutrals, through their diplomatic representatives in Washington, with a view to the "eventual restoration of world peace on a sound and lasting basis." A statement to this effect was made by Secretary of State Cordell Hull on Feb. 9. At the same time, State Department officials, according to a *United Press* dispatch, declared that Mr. Welles' tour had no connection with these peace talks.

Another move in the American peace effort was the decision of Mr. Hull to create a State Department Advisory Committee on Foreign Affairs, with Mr. Sumner Welles as chairman and Mr. Hugh R. Wilson, former Ambassador to Germany, as vice-chairman. The new committee, *United Press* reported, will meet twice a week to discuss possible measures and policies to cope with the period following the end of the European war. High officials in the State Department were quoted by the agency as believing that the United States, even though they manage to keep out of the war, will nevertheless participate in any peace conference which eventually occurs, since Washington desires to avoid the consummation of an "unworkable peace treaty."

Mr. Welles is due to sail for Rome on the Italian liner Rex on Feb. 17. Accompanying him, in addition to the two officials previously mentioned, will be Mr. Myron Taylor, who will take up his new post at the Vatican as President Roosevelt's personal representative. After visiting Rome, Mr. Welles is to proceed to Paris, London and Berlin, and possibly other capitals as well.

In Paris, according to a *United Press* dispatch on Feb. 12, the view is taken that President Roosevelt's peace initiative may delay a major spring offensive on the Western Front which Chancellor Hitler is said to have been contemplating. The Germans, it is believed, are not likely to launch any large-scale attack at least until Mr. Welles has visited the German capital. In this connection, Mr. Joseph P. Kennedy, American Ambassador to Great Britain, who has been recalled to Washington for consultation with the President, declared on Feb. 12 that "hell is liable to break loose in Europe this spring."

Under Two Flags

New York Times

Reasons for sending Mr. Welles to Europe were elaborated at length by the Washington *Times-Herald* on Feb. 10, according to *Transocean*. The paper declared that President Roosevelt fears above all a serious crisis in Europe this spring, believes it would seriously affect America's foreign trade, and wants everything possible to be done to prevent the Continent from plunging into utter chaos. Secretary Hull, the paper continued, is gravely concerned for the fate of his trade agreements policy and of America's enormous gold reserves if the world should continue to be divided into four distinct commercial blocs, which, it was stated, are (1) those countries which have clearing agreements with Germany; (2) the British Empire and the Sterling Bloc (which includes the Argentine and Uruguay); the Yen Bloc in the Far East and (4) the constantly shrinking market dominated by the American dollar.

Mr. Welles will try, the *Times-Herald* believed, to

persuade neutral states to return to the international gold standard and make preparations to appear at the future peace conference as a solid bloc to demand the erection of a sound world economic system.

Reactions in the United States to the announcement of Mr. Welles' visit to Europe fall into the familiar Isolationist and anti-Isolationist categories. Senator Rush D. Holt, West Virginia Democrat, said that the President's action paralleled "Wilson's interventionist foreign policy" before the last World War. Mr. Welles' tour, he added, resembled the activities of Colonel House (confidential adviser to President Woodrow Wilson) at that time. Senator Hiram Johnson, California Republican, condemned the Welles' tour. "We ought to mind our own business," he exclaimed. Senator Elbert D. Thomas, Democrat of Utah, said he welcomed "any kind of arrangement that will give us first-hand, authentic information in the quickest way possible," while Senator Robert F. Wagner, New York Democrat, said the tour of Mr. Welles was an "excellent idea." Senator William H. King, Democrat of Utah, called the choice of Mr. Welles as roving Ambassador a "very wise appointment" and expressed the hope that Mr. Welles would canvass the possibilities of "separating Premier Mussolini from Chancellor Hitler."

Troubles Created by Map-makers

Saturday Evening Post

"He says he's a native of Lat. 50° 8' N., Long. 14° 3' E., Central Europe; he doesn't known what country it is now."

Pungent comment on the Welles' tour appeared in *Trud*, organ of the Soviet trade unions, *Havas* reported from Moscow. The paper said Mr. Welles "is a travelling salesman for American imperialism, just as Colonel House was during the Great War." Political circles and the press in the Netherlands, according to a *Transocean* dispatch from Amsterdam, drew the same parallel, also pointing out, however, that Colonel House's visit to Europe preceded American's entry into the first World War. The suggestion was also made that Mr. Welles' tour was being undertaken at British initiative. It was agreed in any case that the trip was the most important diplomatic event since the outbreak of the war nearly six months ago, the *Transocean* agency said.

The German press has been eloquently reticent on Mr. Welles' forthcoming visit to Europe, so have political circles in the German capital. According to *Reuter*, the announcement of Mr. Welles' appointment was given only the briefest press mention, and then in inconspicuous corners of the newspapers.

A well-known Rumanian publicist named Lugosianu, *Transocean* reported from Bucharest, wrote that an inquiry into the European situation by a power of such enormous economic and military strength as the United States could not be regarded as a mere routine diplomatic incident. He regarded the American initiative as an appeal to neutrals to cooperate with the United States in working for a durable peace, and said it was interesting to note that the United States was not content with the role of an inactive spectator, but was preparing to speak with the full weight of its authority as a great power when the time arrived to make peace.

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Deterioration of American relations with the U.S.S.R. has been evidenced in several incidents:

1. Narrow defeat of a motion in the House of Representatives which would have had the effect of terminating American diplomatic representation in the Soviet capital.
2. A denunciation by President Roosevelt of the Soviet invasion of Finland.
3. Closure of the American-Soviet Chamber of Commerce in Moscow.

Two motions on the subject of American diplomatic relations with Soviet Russia came before the House on Feb. 7. The first, designed to prevent continued maintenance of an American ambassador in Moscow by deleting an item from the State Department's budget, was defeated by the narrow margin of 108 votes to 105 after a fiery debate in which Soviet Russia was roundly condemned for invading Finland. The second motion, proposed by Mr. John W. McCormack, Democrat of Massachusetts, sought an instruction to the State Department to cease maintaining a diplomatic establishment in Moscow. It was defeated by 95 votes to 38.

President Roosevelt expressed his view of the Soviet attack on Finland in an address to members of the American Youth Citizenship Institute, sponsors of the American Youth Congress. The address was delivered from the steps of the White House on Feb. 10. American sympathy, the President declared, was 98 per cent with the Finns and "that is why we are helping Finland," the latter apparently being a reference to the projected Ameri-

The Swaying Tower

Detroit News

can loan to the government at Helsinki. The Soviet Government, he went on to say, was "a dictatorship as absolute as any other dictatorship in the world." He characterized Russia's war on Finland as an attack on a neighbor so infinitesimally small that it could not possibly injure Russia and said he was disillusioned with the Russian experiment in government.

"I, with many of you, hoped that Russia would work out her own problems, that her government would eventually become a peace-loving, popular government with a free ballot, one that would not interfere with the integrity of its neighbors," the President continued. "That hope today is either shattered or held in storage against some better day. It is said that some of you are Communists. That is a very unpopular thing today. You have a legal and constitutional right to call yourselves Communists, but you have no right, by act or deed of any kind, to subvert the government and constitution of the nation. I am confident I shall receive the support of a great majority of your organization and every other organization of American youth. The things you and I represent are essentially the same, and it will be your task, when I am gone from the scene, to carry on the fight for continuance of liberal government and the improvement of its methods and the effectiveness of its work. . . Keep your ideals high. Keep both feet on the ground and be everlastingly happy."

Medals Also Into Munitions

Daily Herald, London

Goebbels: "What's wrong with Hermann?"

Ribbenflop: "The Fuehrer has just told him that all medals must be melted down."

Unresponsive to the President's disapproving references to Soviet Russia and the Communists, the American Youth Congress, 24 hours later, refused to expel Communists from its ranks—which is not surprising when it is remembered that the organization is, and has been for a long time, controlled by the American Communist Party like many other otherwise-respectable organizations in the United States. A delegate to the Congress named Stephen McArthur, *United Press* reported, was ejected in typical Stalinist gangster fashion when he tried to introduce a resolution to expel members of the Young Communist League and asked the Congress to "condemn without reservation the barbarous invasion of peace-loving Finland by Godless Russia."

All indications in Washington point to sharpening tension between the United States and Soviet Russia, an *I.N.S.* report stated on Feb. 12. Moral castigation of Moscow is likely to extend into the economic sphere, the agency said, quoting high officials to the effect that a "moral embargo" may be imposed on exports of machinery vital to Russia's airplane industry, together with cancellation of the American-Soviet trade agreement and cessation of the purchase of Russian gold.

Secretary of State Cordell Hull was asked by newspapermen on Feb. 11 why the itinerary of Mr. Welles' European tour did not include a visit to Moscow. First, *Transocean* reported, Mr. Hull tried to evade the question, but when pressed said, with signs of annoyance, that there was no more reason to send Mr. Welles to Moscow than there was to send him to Brazil or Argentina.

President Roosevelt's condemnation of Soviet Russia, *United Press* reported, strengthened the belief in London that Mr. Welles would sound out Britain, France, Germany and Italy on their attitude toward the Moscow Government. There was a growing impression in London diplomatic circles, the agency said, that demands in some Anglo-French quarters for a more active and broader action against Russia had gained ground as a result of recent Washington developments, while there was speculation as to whether Mr. Welles would inquire into the trend toward formation of a European bloc to resist Soviet expansion.

The possibility of a diplomatic break between the Allies and Moscow was envisaged in reports from Amsterdam, Berlin and Moscow early this week, stating that the British and French embassies in the Soviet capital were systematically burning their archives. Both the British and French ambassadors are at present absent from their posts and it seems doubtful whether they will return.

Growing tension between France and Soviet Russia was seen in the action of the French police who raided and searched the Paris offices of the Soviet Trade Delegation on Feb. 5. Safes and filing cabinets were broken open and a number of documents seized, *Tass* reported. A demand by the Soviet Ambassador, M. Jacob Suritz, that the search be discontinued, was ignored, the Soviet agency said. The press in Moscow charged that the police raid was the work of French *agents provocateurs* and aimed at worsening Soviet-French relations. *Pravda* described the raid as "a sequel to the adventuristic anti-Soviet campaign in which the French press has indulged for several months."

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While the Red Army was battering with renewed vigor against the Mannerheim line and making but small headway, talk of possible mediation in the Soviet-Finnish war began circulating late last week. The immediate occasion for the talk was a reported visit to Helsinki by Mr. Lawrence Steinhardt, American Ambassador to Moscow. Political quarters in Stockholm, *Transocean* reported on Feb. 10, believed that the American envoy would endeavor to arrange a Soviet-Finnish armistice. Arriving in Riga on Feb. 11, Mr. Steinhardt denied that he was seeking to mediate and said he was not going to Helsinki, but returning directly to Moscow from Riga the following day. A $20,000,000 credit loan to Finland is expected to be authorized by the United States Congress this week.

Scandinavian radio stations meanwhile reported that circles close to the Finnish General Staff were more inclined than formerly toward conceding some of the

Hot Chestnuts

Daily Herald, London

original Soviet demands and thus bringing the war to an end.

Several hundred British volunteers arrived in Finland on Feb. 9 to help in the war against Russia, thus considerably augmenting the number of foreigners already fighting with the Finnish Army, *United Press* reported from London. The number of foreign volunteers now with the Finnish Army is approximately 8,000, according to reliable reports.

Back to the Far East

The *Daily Worker*, organ of the British Communist Party, complained last week that the British Government had refused to permit its reporter, Frank Pitcairn, to go to Finland or Soviet Russia in a "cowardly — and very significant— attempt to hide from the British public what is going on in Finland. Every other national newspaper has been permitted to send correspondents to Finland," the Communist organ protested, adding that "Helsinki is full of capitalist journalists doing their reporting from Finland."

Newsweek

Gen. G. M. Stern, who commanded the Soviet forces in the Changkufeng "war" on the Siberian-Korean border in August, 1938. Recently, Gen. Stern was transferred to the Finnish front, replacing Gen. K. A. Meretskoff. Latest reports have it, however, that renewed tension between Russia and Japan caused Dictator Stalin to transfer Gen. Stern back to the Far East. Gen. Stern is the son of a Jewish doctor in the Crimea and is the holder of one of the Soviet's highest decorations. He has a brother, Morris, who serves in a Los Angeles grocery store. Morris, a naturalized American, sympathizes with the Finns and makes no secret of it.

According to a *Transocean* dispatch from Helsinki on Feb. 7, the big Russian push on the Summa front is taking place under the personal direction of Marshal Klementi Voroshilov, Soviet War Commissar. A *Havas* report from Helsinki the following day said that General G. M. Stern, who directed Soviet operations against Japanese troops at Changkufeng, on the Korean border, in 1938, and who was reportedly given command of the Red Army on the Finnish front last month, has been sent back to the Far East. The Finnish press interpreted this move as a sign that fresh Soviet-Japanese trouble might be brewing.

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Quiet still reigns—comparatively—on the Western Front, but something of a sensation was caused last week by the resignation of General I. H. Reynders, Commander-in-Chief of the Netherlands armed forces. While according to rumor the General resigned when the Government refused his demand for a virtual military dictatorship throughout Holland, the Government merely issued a statement asserting that the General was in disagreement with them over military questions "which cannot be discussed or even indicated without hurting the interests of the state." The differences were not over the question of the neutrality of the Netherlands, the statement said.

Two Irishmen, Barnes and Richards, were executed by hanging in the Birmingham (England) jail on Feb. 7, having been found guilty of a bomb outrage in Coventry some time ago in which several persons were killed or injured. There was intense agitation for the reprieve of the pair both in Ireland and among Irish residents of England. Irishmen in the United States were also aroused. According to a *Transocean* message from New York, a large gathering of Irish-Americans took place at the Irish Pavilion of the New York World's Fair where the Irish Republican flag was hoisted at half-mast and a wreath deposited at the foot with the inscription: "To the Irish martyrs who lost their lives in the fight for the liberty of their country." James Brisbane of the Irish Clannagael League made a speech, warning Irish Free State leaders that the executions in England would stimulate the anti-British campaign being conducted by Irish patriots.

A delegate meeting of the British Cooperative Movement, which is affiliated with the British Labor Party, recently passed a resolution, by 1,663 votes to 509, demanding immediate termination of hostilities in Europe "because the British Government's war policy is threatening the standard of living," *Transocean* reported on Feb. 9. The resolution was said to have further asserted that the war is being conducted in the interests and for the benefit of capital and that it is therefore against the interests of the people as a whole.

British and neutral ships are "sailing to the bottom of the sea" at the rate of 1,000 tons an hour, the Rome newspaper *Tevere* declared editorially on Feb. 6 in an article on Germany's counter-blockade of the British Isles. The article pointed out that the impressive total of 1,542,796 tons of shipping lost—and that a by no means complete tabulation—is an eloquent answer to Mr. Winston Churchill's speeches on the ability of British naval ships to protect vessels in convoy.

Six German subjects "suspected of hostile activities" were removed from the Portuguese liner Nyassa on Feb. 6 by a British warship off the coast of South Africa, *Reuter* reported from Capetown. The six men were landed at Capetown under naval guard.

A belated echo of the Spanish civil war was heard in the United States last week when the District Attorney in Detroit, Michigan, announced the arrest of 12 persons on charges of recruiting soldiers for the Spanish Republican Army. Eleven arrests were made in Detroit and one in Milwaukee, while more are to be made in the near future, the District Attorney said. The defendants are to be charged with violating Federal statutes which prohibit the recruitment on American soil of soldiers for foreign wars.

Another Place to "Civilize"

Daily Herald, London

Joe to Adolf: "Stockholm, eh? Looks a barbaric sort of place. Suppose we try civilizing it, Adolf?"

Nice International Law Point Raised in the Japanese Diet

A NICE point in international law was raised in the Japanese Diet on Feb. 13 by Mr. Akira Koyama of the Jikyoku Doshikai. Directing his remarks to Mr. Hachiro Arita, the Foreign Minister, Mr. Koyama advanced the contention that the presence of British warships in the territorial waters of China, a neutral state in the present European conflict, contravenes that well-known provision of international law which states that warships of a belligerent state may remain in a neutral port for only 24 hours, and that if they remain longer they shall be interned. Mr. Koyama also wanted to know what measures the Japanese Government intended to take regarding the stationing of British Army units in Shanghai, where, he asserted, Britain had no treaty right to do so.

The points raised clearly had Mr. Arita stumped, and so he gave the customary evasive reply. The matter would require careful study, he declared, because it concerned not only the relations between Japan and the belligerent Powers, but also relations between Japan and third-party Powers as a whole.

France, of course, is involved in this question just as much as Great Britain. Yet Mr. Koyama made no mention of that country, which also stations warships and troops in China. If Britain and France were to take the position that their armed forces are in China by treaty right—and that would be exceedingly hard to prove—that right would clearly be cancelled, as far as warships are concerned, by the clear requirement of international law to which Mr. Koyama referred, since both countries are now belligerents. Or would it be argued that treaty rights override international law in cases where the two conflict? Here is a question for lawyers to wrangle over!

If international law were found to prevail, however, another and equally interesting question would arise: Who would undertake to intern the British and French warships if they refused to leave China's ports?

Japan Has Spent Sixteen Billions on China War

The China incident has resulted in the necessity of extraordinary military expenditures totalling Yen 16,455,000,000, including present budget estimates, the Japanese Finance Ministry revealed Feb. 10 in presenting the Diet with figures on military appropriations since the outbreak of the China campaign.

Appropriations for the Army have provided for the expenditure of Yen 11,109,000,000 and the Navy Yen 3,046,600,000. The remainder of the total appropriations constitute a reserve.

Canadian Governor-General Dies After 3 Operations

Lord Tweedsmuir, Governor-General of Canada, died in Montreal on Feb. 11 following a third emergency operation for concussion of the brain sustained as the result of an accidental fall in his Ottawa home two days previously. His son, Lieut. Alastair Buchan, was donor in a blood tranfusion administered after the final operation. As John Buchan, the late Governor-General was the author of a number of best-selling novels and was well-known as a journalist, soldier and politician. The son of a Scottish clergyman, he was born in Perth, Scotland, on Aug. 26, 1875.

Formosan Chinese May Take Japanese Names

An ordinance permitting Chinese residents of Formosa to take Japanese family names was given effect on Feb. 13 by the Government-General of Formosa on Feb. 13 in observance if the 2,600th anniversary of the founding of the Japanese Empire, according to a *Domei* report from Tokyo. While permitting Chinese to prepare for future treatment as citizens of Japan, the ordinance at the same time prohibits adoption of the name of any Japanese emperor, any Japanese famous in history or holding an important government post, or the Japanese name for any Chinese province or city.

Japan's Rice Worries are Over, Minister Declares

Japan's rice worries are over, at least for the present rice year, Mr. Toshio Shimada, Minister of Agriculture and Forestry, stated to the Budget Committee of the Tokyo House of Representatives on Feb. 9, *Domei* reported. The minister said that more than 500,000,000 bushels of the grain would be available during the remainder of the rice year, which ends in the coming autumn. Of this amount, 23,500,000 bushels had been transferred from the last rice year and 345,000,000 bushels would be produced in Japan proper, while 50,000,000 bushels would be produced in Formosa and 70,000,000 bushels in Korea. Approximately 475,000,000 bushels would be consumed at home, the minister said, and about 5,000,000 bushels shipped abroad, leaving 23,500,000 bushels available at the end of the rice year.

Le Rire, Paris

Diner: "Gosh! They have censored the menu."

L'Oeuvre, Paris

Nazi Soldier: "If necessary our Fuehrer will march with his Army to Stockholm if they do not give him the Nobel Peace Prize voluntarily."

Lone Battalion Leader Dies in Szechwan

Major Yang Jui-fu, deputy commander of the "Lone Battalion" that continued resistance against Japanese forces in Chapei (Shanghai) after the main body of Chinese troops had withdrawn in December, 1937, died at Kuloshan, a mountain resort in western Szechwan, On Feb. 3, according to a *Kuo Min* report from Chungking. Major Yang, who was 38 years old, left Shanghai after the Lone Battalion had been interned by the authorities of the International Settlement. Promoted to the rank of Colonel, he continued to participate in China's campaign of resistance to Japan. He died of tuberculosis and is survived by a wife and son.

A disturbance lasting 45 minutes took place in the Lone Battalion internment camp on Kiaochow Road last Monday when inmates of the camp and sympathizers outside protested against the erection of new barbed-wire around the camp. Police from Gordon Road station went into action against the sympathizers, two of whom were injured and had to be sent to hospital. Camp authorities quelled the disturbance inside the barbed-wire fences. The internees resented the erection of new fences as an indignity, it was reported.

Spread of War to Balkans Said Due

Extension of the European conflict to the Balkans, the tinder-box of the Continent, was declared imminent in an *Associated Press* dispatch from Ankara on Feb. 13, *Domei* reported from New York. An eastern front would be created by the British and French commands to break the stalemate in hostilities along the Franco-German border, the dispatch said.

Indications of feverish preparations by Great Britain and France were seen, the *Associated Press* dispatch continued, in the arrival at sueuz of 30,000 Australian and New Zealand troops to augment the military establishment of the allies in the Near East, which now total 1,000,000 men.

Signs of impending hostilities in eastern Europe were also seen in the announcement by Rumania that her army would reach a total of 1,600,000 men by March 1, while Yugoslavia, Bulgaria, Greece, and Hungary had all called up various classes of reservists.

Italy, in the meantime, was reported in Ankara to be strengthening her defenses on the strategic Brenner Fass, leading to the Reich, and to have taken defense measures in the Udine area facing Yugoslavia.

Warfare, it was expected, would spread not only to the Balkans but to the Caucasus as well, according to the dispatch.

Significance was attached by the *Associated Press* to the statement made by military circles in Ankara that the combined standing forces of France and Britain in the Near East, assisted by those of Turkey, would reach the imposing number of 3,000,000 men under arms. Comprised in these effectives would be Arabs, Jews, Egyptians, Syrians, and Afrioans, the dispatch added.

War Threat Hovers Over Balkans

Newsweek map

The map shows the area which would be affected by an extension of the European war to the Balkans. The countries included in the Balkan Entente are shown within a white border.

Gandhi Rejects Offer Of Dominion Status

A British offer to grant India dominion status was rejected last week by Mahatma Gandhi, Indian Nationalist leader, *United Press* reported from Bombay. Gandhi reportedly turned down the proposal in the course of a conversation with the Viceroy, Lord Linlithgow, on Feb. 5, declaring that the offer of dominion status fell far short of the demands of the All-India National Congress.

Mr. Gandhi was quoted in another dispatch by the same agency as saying that the conflict between Britain and India could not be solved unless the Indian people were allowed to determine their own constitutional status "without outside interference."

Britain, on the other hand, is said to maintain that India cannot be permitted to draft her own constitution unless the various Indian parties first reach a preliminary agreement among themselves, the stand being taken that the Muslim minority must have its "rights" protected and that only Britain can protect them unless Muslims and Hindus can come to an agreement.

According to a *Reuter* dispatch from New Delhi, Gandhi conferred with Lord Linlithgow for two and a half hours and then left the viceregal capital without holding his scheduled meeting with Mr. M. A. Jinnah, president of the All-India Muslim League, who conferred with the Viceroy for an hour and a half after Mr. Gandhi had left. Gandhi said that he and the Viceroy had parted friends. "I am not disappointed that the negotiations failed," he declared. "I am going to use the failure, as I am sure the Viceroy is going to use it, as a stepping stone to success."

In an interview with the London *Sunday Times* on Feb. 11, according to a *Transocean* report from Amsterdam, Marquess Zetland, Secretary of State for India, placed responsibility for the breakdown in the India conversations on the Congress Party, which he said had not deviated one iota from its demands. Regarding Gandhi's demand that Britain leave the drafting of a constitution to the people of India, Marquess Zetland said that agreement between the various Indian parties must be a preliminary condition to any understanding. Unless this condition were fulfilled, British rule in India could not be terminated.

Reports of Japanese Troop Mutinies Denied

Chinese reports from Chungking, alleging that Japanese troops had mutinied in Canton on January 27 and at Lintsin, in Shansi, on January 20, were denied by a Japanese Army spokesman in Shanghai last week. Japanese soldiers, the spokesman said, frequently throw messages into Chinese trenches, pointing out the "futility of Chinese resistance," and give cigarettes to Chinese troops, but this, he added, "only shows how human Japanese soldiers are."

Chartering of German Ships Studied in Tokyo

The Japanese Government is studying the possibility of chartering German merchant ships now tied up in Far Eastern neutral ports, Mr. Hachiro Arita, the Foreign Minister, stated in Tokyo last week. Several German vessels are known to be in Japanese ports, immobilized by the European war and fear of seizure by the Allies. Some 350,000 tons of German shipping are believed to be out here.

S.F. Rice Bowl Festival Aids China War Victims

A three-day Rice Bowl Festival which is estimated to have yielded U.S.$50,000 for Chinese war refugee funds came to an end in San Francisco's Chinatown on Feb. 11, *United Press* reported. Thousands of Chinese jammed the streets of the Bay City and gave generous contributions to the funds. The Festival was climaxed on Sunday night with a display of fireworks, street dancing and a dragon parade.

U.S. Appropriates Funds For Drive Against Spies

The Appropriations Committee of the House of Representatives has approved an appropriation of U. S. $3,000,000 for the Federal Bureau of Investigation to finance a drive against spies, saboteurs and "subversive agents," *Reuter* reported from Washington last week. Mr. Edgar Hoover, director of the F.B.I., plans to employ 541 agents in the drive against spies, the report stated.

48,000 Convicts Are Amnestied in Japan

A general amnesty was proclaimed in Japan by Imperial command on Feb. 11 as the nation celebrated the 2,600th anniversary of its founding. Wider in scope than that proclaimed on Feb. 11, 1938 on the occasion of the fiftieth anniversary of the establishment of the Constitution, the amnesty will result in the shortening of sentences of 48,000 convicts, it was estimated. In addition, 180,000 persons who have lost their civic rights will have them automatically restored. Army officers and men, disciplined before Feb. 11, will have their punishment remitted, under a separate ordinance.

Appeasing Japan

Britain to Hand Over 9 Germans; French Extradite 18 Chinese

BOWING before Japanese indignation over the Asama Maru incident, Great Britain agreed last week to hand over to Japan nine of the 21 German nationals seized by a British warship from the N.Y.K. liner off the coast of Japan on Jan. 21. Announcement to this effect was made by Mr. Hachiro Arita, Japanese Foreign Minister, to both Houses of the Diet on Feb. 6.

The British Government, Mr. Arita, said, had expressed formal regrets for the indignation caused in Japan as a result of the British Navy's action and he declared he had "gained the conviction" that such an "unfortunate incident" would not be repeated. Full agreement, he added, had not been achieved, but an important stage toward a settlement of the incident had been reached. Germans to be surrendered would be those who had comparatively little military status.

Legal Rights Reaffirmed

Britain's note to Japan, in which readiness to surrender the nine Germans was announced, reaffirmed the British right under international law to remove Germans of military status from neutral ships, and offered surrender of the nine on the ground that investigation had shown them to be relatively unsuitable for military service.

In an address to the House of Peers on Feb. 6, Mr. Arita stated that Japan would accept the nine Germans, but would insist upon the handing over of the remaining 12, since the Japanese Government did not concede the juridical rights claimed by Britain in connection with the incident.

The Japanese Ministry of Communications announced the following day that nationals of European belligerent powers liable to military service will henceforth be refused passage on Japanese ships and that appropriate instructions had been issued to Japanese shipping firms. In accordance with these instructions, Britons, Frenchmen and Germans of military age will not be permitted passage on Japanese ships, while passage will also be refused in case of doubt on this score.

The Anti-British Compaign

While Britain seems to have been successful in appeasing Japan in connection with the Asama Maru incident, Japanese responses in China, judging by a *Reuter* report from Peiping on Feb. 6, have not been at all conciliatory. The agency said that the 15th conference of the enlarged Anti-British Committee will be held in the near future to push its campaign against British goods and nationals. At the same time, the blockade of the British and French Concessions in Tientsin is being rigorously continued. A Chinese refugee was electrocuted on Feb. 13 when he attempted to crawl through the barbed were surrounding the British Concession.

On Feb. 6, *Reuter* brought a report from Tsingtao stating that Mr. H. Watanabe, Japanese Minister of Communications, during a recent visit to the Shantung port city, had emphasized the necessity of placating British opinion in connection with the Tsingtao wharf issue and the reopening of the Yangtsze. According to the Shantung *Mainichi*, Mr. Watanabe took the view that possible British reprisals against Japan would be dangerous in view of the strained relations between Japan and the United States.

Anti-Semitic Propaganda

Disclosure that an anti-Semitic campaign has been conducted by the Japanese-controlled press in Peiping was made in a *Reuter* dispatch from that city on Feb. 7. The attack culminated that day, the agency said, in a bitter attack on foreign news agencies by the *Hsin Min Pao*, largest puppet organ in the northern city. Blaming the Jews for the Spanish civil war, the trouble in Czechoslovakia, the outbreak of the European war and even the Sino-Japanese hostilities, the paper wrote: "The reputed impartial reports of the news agencies of democratic countries such as *Reuters*, *Havas*, *Associated Press* and particularly *Tass*, are all influenced and even controlled by their Jewish financial lords and are the mouthpieces of Jewish millionaires....They have a common end in view—their Jewish masters intend to profit by them and get the whole world under their control."

French Surrender Chinese Schoolboys

Eighteen Chinese schoolboys, charged with having engineered a bomb explosion in the Cathay Theater, Rue du Baron Gros, in the French Concession at Tientsin on Jan. 23, were handed over to the Japanese gendarmerie by the Concession police on Feb. 6, according to a *Domei* report. The alleged explosion is said to have occurred in the theater during an afternoon performance. The following day, a time-bomb was found in the same theater and removed before it exploded, the *Domei* report claimed, adding that the alleged youthful terrorists, whose arrest was carried out by French police at the request of the Japanese, were said to be members of a band of "student patriots" recently organized in Tientsin by Gen. Chiang Kai-shek's Blue Shirt Society.

As reported in last week's issue of *The Review*, police in the British Concession at Tientsin arrested 13 Chinese young men and women, including the headmistress and three teachers of the Shute Chinese School, also in connection with an alleged plot to destroy the Cathay Theater. It is not yet known whether they have been extradited to the Japanese.

A *Reuter* report from Tsingtao on Feb. 6 said that grave fears had been aroused in Taian, Shantung, regarding the fate of some 80 Chinese students arrested by the Japanese authorities in their recent "purge" of the Suiying School, which is operated by the American Episcopal Church in that city. The students, among whom were a number of girls, were rounded up early in the New Year on charges of possessing papers connected with the Eighth Route (former Red) Army. They have not been heard of since.

Some mystification was caused on Monday of this week by a *Domei* report from Nanking which said that five Chinese members of the teaching staff of the Mingteh Middle School, operated by the American Presbyterian Mission in Hangchow, were being detained for investigation by the Japanese military on charges of subversive activities. The report said that the Rev. Mr. Kepler Van Evera, an American, is the principal of the school.

An official of the American Presbyterian Mission in Shanghai told the *Shanghai Evening Post* the following day that he did not know of a Mingteh Middle School in Hangchow, while the Rev. Kepler Van Evera, he added, is not the principal of any school but is engaged in evangelical and relief work. The Mission, however, actually operates a Mingteh School in Nanking, and is cooperating in the running of the Hangchow Christian College, which functions in Shanghai.

Japanese Laud S.M.P. Sleuths for Services

Official letters of appreciation for the successful detection and apprehension of anti-Japanese elements in the International Settlement were handed to four Japanese and two European members of the Shanghai Municipal Police at a ceremony on Feb. 7, according to the local Japanese Army organ, *Tairiku Shimpo*. Recipients of the letters, which were signed by Mr. Hachiro Arita, Japanese Foreign Minister, the paper said, were Special Deputy Commissioner Chikayuki Akagi, Chief Inspector Tsuneo Nakamura of the Crime Branch, Inspector H. C. Glover of the Crime Branch, Sub-Inspector B. Maklaevsky of Sinza Station, Sub-Inspector Morio Umemoto of S.M.P. Headquarters and Sergeant Yoshio Uruma of Hongkew Station.

"Peaceful and orderly conditions" are steadily being restored in the Lower Yangtsze delta area with the downfall of anti-Japanese elements which had "bases" in the International Settlement and French Concession at Shanghai, a Japanese military spokesman declared last week.

Chinese Claim Smashing Victories in Kwangsi; Japanese Admit Retreats

FORCED LABOR FOR CHINESE WAR CAPTIVES?

The Japanese Army is considering a plan to send Chinese war prisoners to Japan in order to help cope with the shortage of labor in that country, the War Minister, Gen. Shunroku Hata, told the Japanese Diet on Feb. 12. He declined to specify the kinds of work the prisoners might be called upon to do, United Press reported.

SMASHING victories for Chinese troops in Kwangsi Province and a less spectacular victory in eastern Chekiang were claimed in Chinese press dispatches early this week. The Kwangsi gains were represented by the recapture of Pingyang, 65 kilometers north of Nanning, and Wuming, which lies 50 kilometers north of the same city. Siaoshan, on the south bank of the Chientang River opposite Hangchow, was reportedly retaken by Chinese troops on Feb. 9.

Support for Chinese claims on the Kwangsi front was seen in a communique issued Feb. 12 by the headquarters of the Japanese Expeditionary Force to South China, which asserted that Japanese troops, having crushed all Chinese opposition in the area, had "started withdrawing" from the plains of Pingyang and Wuming. Occupation of towns in those areas, it was stated, had no strategical value and it had been decided, therefore, that it was unnecessary to station any Japanese forces there.

Will Keep Nanning

In drawing in their lines, the communique went on to say, Japanese troops were mopping up Chinese stragglers along the way and collecting booty. It then added: "Japanese forces are determined to keep possession of such places as Nanning, which are necessary for cutting Chinese supply routes." Notices were said to have been posted in Pingyang and Wuming, warning that Japanese forces may return whenever necessary, and giving the reasons for the Japanese evacuation "for the benefit of troops of the Chungking Government returning to the areas."

The Japanese military spokesman in Shanghai declared that "Chinese troops should realize their lack of strength. If, on the contrary, they insist on putting up resistance in attempts to recover Nanning, the Japanese troops are prepared to meet them." Japan's objectives in the recent campaign, the spokesman said, were to entrap and crush troops of Gen. Chiang Kai-shek and frustrate attempts to recapture Nanning. These objectives had now been attained.

A Different Picture

Chinese field dispatches, quoted in a *United Press* message from Chungking on Feb. 12, gave quite a different picture of the situation, asserting that Japanese lines forming a defensive circle around Nanning had collapsed under Chinese thrusts and that Japanese troops were retreating in disorder to Nanning. Chinese troops entered Pingyang after encircled Japanese forces had lost 15,000 men in furious battles, the dispatches said, adding that only a small part of the Japanese garrison at Pingyang had succeeded in breaking through the Chinese cordon in order to flee in a southwesterly direction toward Nanning.

After occupying Pingyang on Feb. 2, the Japanese seized Wuming on Feb. 8. The former city was reoccupied by the Chinese on Feb. 12 and the latter on Feb. 10. Japanese occupation of both was therefore very brief. In view of the Japanese statement that occupation of the two cities would have no strategical value, it is interesting to note the first paragraph of a *Domei* dispatch from Wuming on Feb. 9, announcing Japanese capture of that city. It read: "Japanese forces early yesterday morning seized this strategically important city, 50 kilometers north of Nanning."

The Japanese suggestion that by possession of the Nanning area alone they will be able to continue cutting Chinese supply routes through Kwangsi Province also assumes the character of a rationalization in light of a *Domei* dispatch from Tokyo on Feb. 6, dealing with the Japanese occupation of Pingyang. In capturing Pingyang, the report said, "a big step" was taken by Japanese forces in cutting off all supply routes leading to the Chungking Government. Pingyang, it was pointed out, apart from being a base from which the Chinese hoped to advance for the recapture of Nanning, was at the junction of two Chinese arms supply routes—one leading from French Indo-China to Liuchow and Kweilin via Nanning, and the other from the Luichow peninsula to the interior of China. The fact was also featured that Pingyang has a population of 30,000 and is located "in the center of the agricultural district of Kwangsi Province."

In War-torn Kwangsi Province

Central News Agency photos

Top left, **Chinese troops go over the top in one of the many battles for possession of the Kunlun Pass, northeast of Nanning.** *Top right*, **Chinese anti-tank guns being moved into position somewhere on the Kwangsi front.** *Center left*, **Chinese tanks employed in operations near Kunlun Pass.** *Center right*, **a captured Japanese gun "ditched" in a trench, is about to be salvaged for action on the Chinese side.** *Lower left*, **the rotting bones of a Japanese cavalry horse killed in battle.** *Lower right*, **packages of ammunition dropped from a Japanese airplane for a beleaguered Japanese unit, but captured by the Chinese.**

However much Japanese and Chinese reports differ with regard to the actual military happenings in Kwangsi Province, and their significance, both seem to agree that the fighting has been of an extraordinarily sanguinary nature, although, as usual, each side attributes the greater casualties to the other. A local Japanese military spokesman said that Chinese forces lost 46,800 killed in the nine-day period from Jan. 28. He estimated the number of Chinese wounded at more than 80,000, while 2,500 prisoners were said to have been taken. If these figures are even approximately correct, the Japanese must have wiped out a good half of the Chinese forces, for Japanese reports placed the number of Chinese troops operating on the Kwangsi front at 240,000.

A *Domei* report from an unspecified Japanese Army air base on Feb. 11 quoted Japanese aerial observers as declaring that thousands of dead Chinese soldiers, easily recognizable by their light-colored uniforms, littered vast areas of southern Kwangsi. They said that the Pingyang Plain, east of Nanning, and the Wuming Plain, north of Nanning, were covered with corpses, while in the hills between Pingyang and Wuming "large patches of whitening uniforms could be sighted at many points."

Fighting in Suiyuan

Bitter fighting is still taking place in western Suiyuan, according to both Chinese and Japanese sources. Having reportedly occupied the walled town of Linho, 100 kilometers southwest of Wuyuan, on Feb. 4, the Japanese claim to have taken Shanpa, 35 kilometers northwest of Linho, on Feb. 6. One Japanese detachment was said to have crossed the border into Ninghsia Province. Chinese losses in western Suiyuan since the start of the recent operations, *Domei* reported from Paotow on Feb. 9, have numbered more than 10,000 men, including 7,000 dead. *Domei* contradicted its own story on Feb. 12 when in a report from Wuyuan it placed Chinese dead in western Suiyuan at 11,142 in the 12-day period from Jan. 31.

A *Domei* report from "Somewhere in Fukien" on Feb. 12 said that units of the "Peace and National Reconstruction Army," aided by the Japanese Army and Navy, had landed on the Fukien coast and had engaged the 75th Division of the Chungking armies in "furious combat." The renegade Chinese force, it was stated, is commanded by Gen. Hwang Ta-wei, a supporter of Wang Ching-wei. Where it succeeded in "landing" was not stated, although the information was given that it was in a "rich salt-producing area" of Fukien which last year yielded $700,000 in salt taxes alone. Two days later, *Domei* reported that the renegade army had captured Tungshan, Fukien city half way between Amoy and Swatow.

Kian Airdrome Bombed

Japanese naval aircraft demolished the airdrome at Kian, in Kiangsi Province, on Feb. 9, according to a communique issued by the headquarters of the Japanese China Seas Fleet. Nippon planes, it was stated, "dashing unscathed through a field of bursting anti-aircraft shells, appeared over the Kian airdrome at about 1 p.m. Bombs were showered on runways and hangars, causing widespread havoc." Kanchow, a nearby Kiangsi city, was raided the same day.

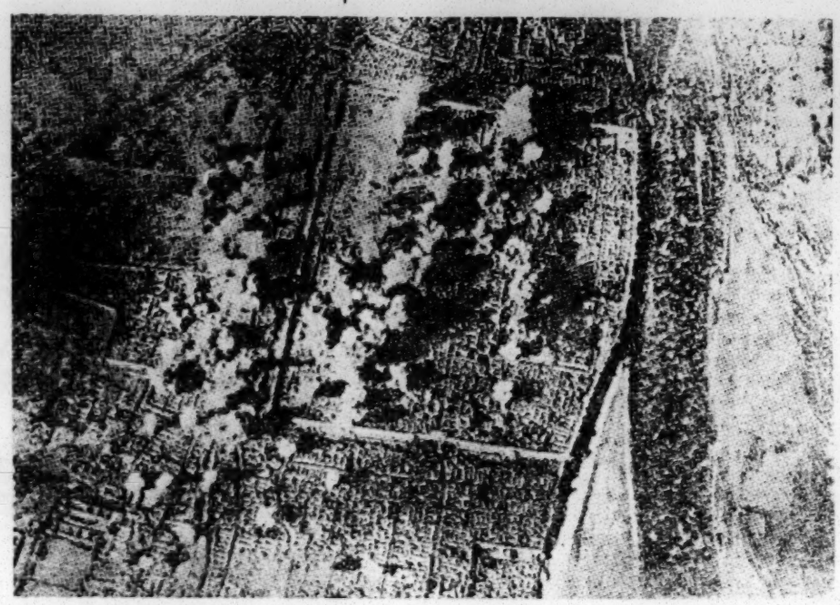
Claims of a Chinese victory in northern Hupeh were made in Chinese reports on Feb. 11 which said that 1,000 Japanese troops had been killed in a three-day battle on the eastern slope of Tahungshan. The Japanese also lost 300 horses, it was claimed.

Two Attempts Made

Assertion that the Japanese had attempted to land and failed came from Chinese sources. Two attempts were made to land 200 bluejackets at Hsiaopuchen on Feb. 9, *Kuo Min* reported from Kinhwa. Hsiaopuchen is near Chinghai, which lies at the mouth of the Yung River leading to Ningpo. The invaders landed from three Japanese warships, the *National Herald* reported, but were driven back to their ships after two attempts spaced three hours apart.

Japanese aviation has been busy in Chekiang, according to another *Kuo Min* report from Kinhwa. Chuki, on the Chekiang-Kiangsi Railway, was the recipient of nine bombs from two planes on Feb. 7, while another plan bombed Lanki, killing several women and children and demolishing ten houses. A squadron of nine planes attacked Chuhsien, in western Chekiang, on Feb. 8, dropping ten bombs.

When the Japanese Bombed Lanchow



98 Japanese planes bombed Lanchow, capital of Kansu Province, on Dec. 26 and two days following. The explosions, plainly visible in the picture, show bombs dropped indiscriminately over the entire city. Japanese reports in Shanghai claimed that only the airfield and military objectives were bombed. In order to make up the great bombing armada, the Japanese military authorities concentrated planes from all parts of China, including Shanghai and Manchuria, at a base in southern Shansi where large supplies of gasoline and bombs had previously been accumulated. The bombing raid, out of all proportion to the military importance of Lanchow, was generally regarded as a Japanese military gesture against the Soviet Union. The Chita conference between Japan and Russia was just opening. Lanchow is on the northwest road to Russia which crosses Sinkiang and while Japanese propagandists allege there are large numbers of Soviet aviators in Lanchow, this is disputed by neutral observers who were in Lanchow at the time of the Japanese raid. The picture, reproduced from an Osaka paper, was taken by a Japanese aviator.

Siaoshan is Retaken; Ningpo Threat Foiled

Siaoshan, on the southern bank of the Chientang River opposite Hangchow, was recaptured by Chinese forces at 2 p.m. on Feb. 9, according to a *Kuo Min* dispatch from Ningpo. Japanese troops occupied the city on Jan. 22 and spread into the famous Shaoshing wine-producing district, but were forced to retreat under Chinese counter-attacks. The recapture of Siaoshan, Chinese military reports state, followed a desperate battle on the outskirts of the city.

A Japanese naval spokesman in Shanghai denied on Feb. 12 that Japanese naval forces had attempted a landing near Ningpo, vital Chekiang port, on Feb. 9, and had failed. Japanese naval forces, he said, had not been active on the Chekiang mainland, at the same time admitting that Japanese naval landing parties had engaged in operations on Liuhang Island, southeast of Ningpo, on Feb. 8 and 9. This island is one of the Chusan group which lies off the coast of Chekiang.

Tokyo Plans to Import Canadian, Indian Coal

Preparations are being made by the Japanese Government to import 100,000 tons of coal from Canada and India to meet the current coal famine, Mr. Ginjiro Fujiwara, Japanese Minister of Commerce and Industry, announced before the Budget Committee of the Diet on Feb. 8. Importation would be effected through the Mitsubishi Shoji Kaisha, he said.

Opposition to Projected Central Puppet Government Seen Growing Among Japanese Politicians

WHILE the storm caused by the Saito affair in the Japanese Diet has hardly yet blown over, fresh difficulties have cropped up for the ill-starred Wang Ching-wei. Opposition to his choice as Japan's No. 1 puppet in China is steadily mounting and it appears likely that the scheduled appearance on March 15 of his puppet central regime will not materialize. Although the personnel of the new regime is believed to have been decided upon and remains only to be confirmed at a puppet meeting in Shanghai in the course of this week, the obstacles raised by Japanese politicians may yet completely upset Wang's plans.

Suspicion and distrust of Wang appears to be thickening in Japanese parliamentary circles. While such suspicion is too much of a compliment to Wang in view of his complete disavowal by the Chinese people, it may place an insuperable obstacle in his path to puppet glory under Japanese warlords. On Feb. 8, Masazumi Ando, a leading member of the Seiyukai Party, confronted Premier Yonai with the question of whether Japan can trust the proposed Wang Ching-wei regime which is now being organized by the Japanese Army in China.

Mr. Ando's Fears

In a frank interpellation in the Diet, Mr. Ando expressed fear that the proposed rump "Kuomintang" regime might eventually become Communistic and anti-Japanese. He said that he was suspicious of the planned Wang government because it had announced its support of the late Dr. Sun Yat-sen's "Three People's Principles," which he termed "nothing but Communism." Ando pointed out that these same principles were also receiving the support of General Chiang Kai-shek, hence the proposed Wang regime might eventually adopt anti-Japanese policies.

Ando's warning to Premier Yonai provoked considerable discussion in the Diet. Indicating that the same suspicions are held in high Japanese circles, Lt.-Gen. Heisuke Yanagawa, director of the China Affairs Board, admitted that such a danger existed and said that "Japan must be on her guard against this."

Assuming that the establishment of Wang Ching-wei regime will bring about a collapse of the Chinese Government at Chungking, Mr. Ando asked Premier Yonai pointedly: "What, then, are the measures to be taken to provide military strength and cession of Japanese-controlled areas to the new government? If Japan is to cooperate with the new government, there arise such questions as the stationing of Japanese troops in China. What relationship will the measures to be taken in this connection have to the new China regime?"

Agreement to be Made Public

Replying, Premier Yonai said that military, financial and other forms of assistance to the new government were being considered in detail by the Japanese Government. He announced the Government's intention of making public the details of Japan's agreement with Wang Ching-wei in the near future.

War Minister Gen. S. Hata said in reply to a question: "Strategical operations in China are now going on. It is necessary to maintain peace and order; therefore, it is impossible to state definitely at this time where, what strength, and during what period it will be necessary to station Japanese troops in China. However, the Japanese Army intends to give as much military assistance as possible to the new of government of China."

Answering Mr. Ando's objections to the adoption of the "Three People's Principles" and the use of the Kuomintang flag by the proposed Wang Ching-wei regime, Premier Yonai said that the guiding principles of the Kuomintang would not constitute an impediment to the establishment of a "New Order" in East Asia provided the principles of anti-Japonism and pro-Communism were eliminated. He also promised to make an examination of the Kuomintang emblem which is to be used by the new China government, after Mr. Ando had warned that nation-wide cooperation in settling the China Affair could not be expected if the emblem of Japan's enemies should be adopted by the new China regime.

Japanese Public Dissatisfied

Adding to the confusion in Japanese political circles on the question of settling the China war is the growing dissatisfaction on the part of the Japanese public with the conduct of the war in China. The Army is being severely criticized for miscalculation of plans. In an article in the *Yomiuri Shimbun*, Tsuego Baba, a well-known political commentator in Japan, raised the question: "How far can Japan go?" Before the fighting began in China, wrote Mr. Baba, the amateurs thought a couple of Japanese divisions would be able to trample down the more than 400 counties of China. After two and a half years of fighting, Mr. Baba said, Gen. Chiang Kai-shek still boasts that he is confident of gaining the final victory.

Continuing, Mr. Baba said, "We erred not in the strength of the Japanese forces, but in judging the broadness of China's land and her large population. The brave Japanese soldiers have marched thousands of miles and occupied many important cities. Yet, more than half of China's territory still remains to be taken."

Past Cabinets Criticized

Mr. Baba expressed the opinion that the Japanese soldiers might be able to reach Chungking. "But what then?" he asked. Mr. Baba severely criticized past cabinets, since the beginning of the China Incident, as being too "bureaucratic" in character, i.e. too far from the public. He complained that the people were never consulted about the government's policies. What these policies were, and how they had been decided, was never revealed to the public by these governments. Mr. Baba urged the new Cabinet not only to conceive "a plan leading Japan somewhere," but to work with the people. He asserted that "a great nation will accomplish nothing if its might is divided."

The Wang Ching-wei regime, if

Chinese Army Post Office

Photo by Thomas Kwang

Picture shows a Chinese Army post office in southern Kwangsi. It functions 24 hours a day in a small house a few kilometers to the rear of field headquarters and receives and dispatches an average of 2,000 letters a day.

ever established, will have its own puppet banking outfit. Intimmation to this effect was made by the Japanese Finance Minister, Yukio Sakurauchi, who, replying to an interpellation in the Diet last week by Kiroku Oguchi of the Seiyukai Party, announced that a new "central bank" will be established by the proposed China regime. Mr. Sakurauchi added that notes of the Federal Reserve Bank of China, circulating in North China, and of the Mengchiang Bank, circulating in Inner Mongolia, would be retained and their value upheld by adequate Japanese support. In other words, the banking concern to be established by the Wang Ching-wei regime can only operate in the occupied districts in Central China and will not be permitted to extend its influence north of the Yellow River.

Keeping Things Secret

Finance Minister Sakurauchi was taken to task by Mr. Oguchi for his evasive and non-commital replies to his questions as to what concrete measures the government would take for the disposal of the affair in China and the relations between the Yen-bloc currencies and the Chinese currency after the establishment of the new China regime. Mr. Oguchi warned that "keeping things secret is not the best way of settling problems and the government should get rid of its bureaucratism and work closely with the people." Finally, he pointed out the danger that the objectives of the China campaign might be frustrated despite the sacrifices of thousands of Japanese lives, if the government has no intention of positively enforcing its policies and the present economic control is confined to bureaucratic circles only.

Bent upon installing himself as Japan's chief henchman in China, Wang Ching-wei is pushing ahead with his plans for the establishment of his bogus regime, despite the condemnation of the Chinese people and the dissatisfaction with him on the part of Japanese politicians. As a preliminary step toward the execution of his plans, Wang on Monday of this week summoned a meeting of leading members of his "Orthodox" Kuomintang and other political factions to discuss matters in connection with the convocation of the so-called Central Political Conference.

Personnel of Puppet Regime

The Central Conference is expected to decide upon the final composition of the new central regime. It is scheduled to be held some time this month and will be attended by members of Wang's own party, leading officials of the Peiping and Nanking regimes and other disgruntled politicians who have joined Wang's "peace movement."

According to a Chungking message, the personnel of the new regime has already been tentatively decided upon and remains only to be confirmed at the Central Political Conference. It is said to consist of ten representatives from Wang's "Orthodox" Kuomintang, four representatives each from the Peiping and the Nanking regimes, ten representatives of other parties and two representatives from Mongolia.

The ten representatives of the "Orthodox" Kuomintang reportedly are: Messrs. Wang Ching-wei, Chow Fu-hai, Chen Kung-po, Mei Sze-ping, Chen Chun-pu, Lin Peh-sen, Chu Ming-yi, Pu Tung, Kao Tsung-wu (now dropped) and Miss Tseng Hsing (sister of Tseng Chung-min, who was assassinated in Hanoi last year).

The four Peiping representatives are Wang Keh-min, Wang I-tang, Tang Er-ho and Gen. Chi Hsieh-yuan, while the four persons chosen to represent Nanking are Liang Hung-chih, Chen Chun, Wen Tsung-yao and Jen Yuan-tao. Ten representatives of other parties are understood to include Messrs. Chen Chung-fu, Ho Shih-cheng, Kiang Kang-hu, Tang Hsian-min, Fu Siao-an, Chiang Yen-hsing, Chang Yi-chen, Tseng Hsin-shu, Chao Shu-yung, and one other who, it is stated, will deny his association with Wang Ching-wei.

Prince Teh and En-ke-pa-tu will be among the Mongolian and Tibetan representatives.

More Details Published

Quoting reliable sources, a special Peiping dispatch to the *North-China Daily News* revealed the following details regarding the formation of the new China regime worked out at the recent Tsingtao conference:

The new government to be called the National Government of China.

Its capital to be at Nanking.

The flag is to be the present *Ching Tien Pai Jih* (Clear Sky White Sun), ensign of the Kuomintang, and is to float over the whole of China (as before).

North China and Inner Mongolia are to be "special areas," with the special title of Political Council, under the nominal control of the central government.

The present "reformed" government at Nanking is to be abolished.

The railways of north China — roughly north of the Yellow River — ar. to remain under control of the "North China Railways," as at present. All other railways to come under the Ministry of Communications of the new government.

The Japanese army of occupation is to be reduced to four divisions, as soon as military exigencies permit, and the cost of its maintenance is to be paid by the Chinese government. But this will not include the Japanese garrisons in north China or Inner Mongolia.

The new Chinese army that is now being raised will be used for pacification work, and will not be called on to fight the Chungking Government.

Japanese advisers—as many as may be considered necessary — are to be attached to all ministries and other government offices; but no advisers of any other nationality are to be employed.

Peiping Officials Hostile

The dispatch stated that although Japanese circles in Peiping regarded the Tsingtao parley as a "complete success," such optimism was not shared by officials of the Peiping regime who still harbor considerable personal hostility to, and have little confidence in, Wang Ching-wei. Doubts have been expressed in puppet official circles whether even now, at the last moment, Wang will really succeed in bringing off his coup and whether, even if he does so, it will be more than a damp squib.

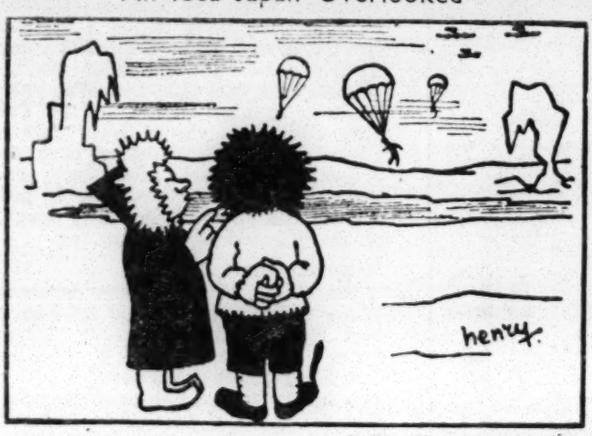
Meanwhile, further disclosures of the pitiable plight of Wang Ching-wei and his associates were made by Tao Hsi-sheng, ex-Wang follower, who made headlines last month when he revealed the terms of the Wang-Japanese secret agreement in Hongkong. Tao asserted that if and when the new central government is established, Wang Ching-wei will occupy a position similar to that of Henry Pu Yi of Manchukuo. In an article entitled "What is the new government?" Tao contended that the Wang-Japanese agreement seeks to reduce China to the status of a Japanese protectorate and to place the new government under complete Japanese domination.

Puppets Closely Watched

Picturing the plight of Wang and other pro-Japanese persons, Tao revealed that sons of the high puppet officials are required to go to Japan, ostensibly to study but actually to serve as hostages. The families of these high officials, he alleged, are required to live in Western Shanghai within sight of the Japanese gendarmes. In the homes of the puppet officials, he further stated, are stationed Japanese gendarmes for "protection" but in reality to watch the puppets' movements and activities.

If the Wang Ching-wei regime ever sees light, one thing seems fairly certain: that it will get no recognition from the United States. Authority for this view is no other person than the American Ambassador, Mr. Nelson T. Johnson, who said that he "doubted" that the United States would recognize the Wang govern-

An Idea Japan Overlooked



Daily Herald, London

Russian (watching parachutists descend): "Our Stalin is dropping a new puppet government in Finland."

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ment now being planned by the Japanese in China. Mr. Johnson, now en route to Chungking via Hongkong, said that he was not aware of any American peace efforts being made in the Orient at present. He also denied that he was engaged in negotiations with other diplomats in the Far East regarding peace.

Two Men Arrested

Two high "Orthodox" Kuomintang officials, Wang Shang-yun and Tai Cha, suspected of being Chungking agents, were reported to have been arrested and detained in a purge launched by Wang Ching-wei following the recent defection of Tao Hsi-sheng and Kao Tsung-wu.

Official action against two ex-army officers who have joined Wang Ching-wei's peace movement was taken last week-end when the National Government at Chungking issued a mandate for the arrest of Lt.-Gen. Yeh Peng, former garrison commander for the Wuhan area and Gen. Pao Wen-yueh, formerly a high official in the Peiping Branch of the Military Affairs Commission. Both officers were deprived of their ranks in the army and their decorations. Gen. Yeh is now dean of the "Central Training Corps" of the "Orthodox" Kuomintang.

Eugene Chen Again?

The *China News Agency*, organ of Wang Ching-wei, reported on Feb. 8 that Eugene Chen, formerly China's foreign minister, made a scathing attack on Chungking's foreign policy. The agency quoted him as condemning this policy as a "complete failure." He was alleged to have criticized Gen. Chiang Kai-shek in severe terms and predicted that his dictatorship will soon collapse. He was also said to have asserted that conflict between Chungking and the Communists is steadily increasing and that the future of the war of resistance is not hopeful.

One of the important developments in China's internal politics during the week was an official statement on the convocation of the National People's Congress, which is to be held on Nov. 12 this year. In a circular telegram to the various proivincial and municipal party authorities, the Central Party Headquarters instructed that preparations for the election of delegates to the congress be made. The statement explains the meaning of enforcement of constitutional government, the relationship between constitutional government and political tutelage, and method of election, duties and powers of delegates to the congress.

U.S. Group Urges End to Favored Status of Japan

A letter, signed by 50 educators, clergymen and public officials, including President Roosevelt's mother, was sent to the President urging removal of Japan from the most favored status and "cessation of America's participation in Japan's aggression."

The letter, published in New York on Feb. 12, urged the application of penalties provided under the tariff act of 1930 against Japanese exports. The application of such penalties would make Japan feel "moral condemnation by the American people of her illegal and unjustified invasion of China," the writers stated.

寶青春

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Manchukuo to Revise Foreign Trade Policies

INDEPENDENCE MOVE BY MANCHUKUO FEARED

Fears of a possible independence movement by Manchukuo were voiced in the Japanese Diet on Feb. 8, when Mr. Kuranosuke Koyama of the Minseito Party said it would be inadvisable to permit the localization of Japan's wartime industries in Manchukuo and Korea, United Press reported. The speaker argued that political and economic developments in Manchukuo would in the long run result in the country's independence from Japan.

Influenced by the change of conditions resulting from the European war, the Manchukuo Government has decided to revamp its foreign trade policies, *Domei* reported last week. Although details have not been announced, it was understood by observers in Hsinking that the revamping would be along three lines:

Firstly, the Manchukuo Government would make arrangements for the extension of trade between Japan, Manchukuo and Italy and between Manchukuo and Germany. Manchukuo, it was pointed out, had trade agreements with these countries. At the same time, Manchukuo would attempt to obtain from the United States and other countries articles which could not be purchased from Italy and Germany.

Yen Bloc Self-Sufficiency

Secondly, attainment of economic self-sufficiency in the Japanese-Manchukuo-Chinese bloc would be sought. A special policy would be formulated in regard to trade between Japan and Manchukuo in view of the Japanese-Manchukuo Material Resources Mobilization Plan. This plan calls for a great exportation of soya beans, bean cake, iron, coal, ammonium sulphate and magnesium to Japan in order that the current shortage of these things in Japan might be relieved, and with the view of assisting Japan's exportation of merchandise to other nations.

Thirdly, Manchukuo would strive to export peanuts, vegetable oils, hides, hog bristles, magnesite and other articles to countries with which Manchukuo has no special trade treaties.

Puppet Manchukuo Ruler To Visit Japan in May

Emperor Kang Teh, puppet ruler of Manchukuo, will pay a state visit to Japan in May to offer personal felicitations to Emperor Hirohito in connection with the 2,600th anniversary of the Japanese Empire, it was announced in Tokyo this week. This will be the second visit of the puppet ruler to Japan since the establishment of Manchukuo in 1932.

Japanese Celebrate Empire Anniversary

A number of ceremonies, sponsored by the Japanese Consulate-General, the Army Garrison, Navy forces and schools of the Japanese Residents' Corporation, took place in the Hongkew district of Shanghai last Sunday, Feb. 11, to mark the 2,600th anniversary of the founding of the Japanese Empire. Japanese military and naval forces staged a parade, while Japanese civilians gathered in Hongkew Park and later marched in a flag parade through the streets.

In Tokyo, *Domei* reported, thousands of people jammed the spacious plaza before the Imperial Palace to pay their respects to Emperor Hirohito and the entire normal life of the capital came to a standstill.

Pope Pius XII sent a congratulatory message to Emperor Hirohito, in which, according to the *Havas* version, he said: "We are sharing with eagerness Japan's joy for the festivities commemorating the 26th centenary of the foundation of her powerful Empire and we offer your majesty and your august nation our congratulations for the glory of your Empire. At the same time, we express to your majesty our gratefulness for the benevolence of your government towards our Japanese sons. We implore the Lord that once outside hostilities have ceased the illustrious Japanese nation will shine with veritable greatness and will be able to enjoy perpetually happy days thanks to the support of her Sovereign."

P.I. to Establish Immigrant Quotas

The Philippine Government has drafted a bill providing for the establishment of immigration quotas which would limit the immigration of nationals now barred from the Commonwealth — including Chinese — to 1,000 persons for each of the countries affected, *United Press* reported from Manila on Feb. 11. Said to be designed to protect Philippine labor, the bill is the result of year-long negotiations between the Commonwealth and Washington, the report stated.

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Yonai Extends Olive Branch to Chungking

There was "no necessity" for the Japanese Government to object to members of the Chungking Government joining the projected new central government under Wang Ching-wei, and the same attitude would prevail towards Gen. Chiang Kai-shek. This statement was made by Admiral Mitsumasa Yonai, Japanese Premier, in reply to an interpellation at a meeting of the budgetary committee of the House of Representatives in Tokyo on Feb. 7, according to a *Domei* report.

United Press, in reporting the Japanese Premier's statement, declared it was the first time that a responsible Japanese statesman had said that Japan would have anything to do with General Chiang. This is not entirely correct, since Mr. Sotomatsu Kato, Japanese Minister-at-Large in China, went even further than this in an interview at Peiping last Sept. 23, when he asserted that any member of the Chungking Government, including Gen. Chiang, would be "welcome" to join the new central government "provided they changed fundamentally their views, especially regarding the Communists." This was the first such statement from any Japanese Government spokesman since the declaration of Premier Konoye, in the spring of 1938, that Japan would never treat with the Chiang Kai-shek regime.

"Dream Nonsense," Says China

Commenting on Premier Yonai's statement that Gen. Chiang Kai-shek and other members of the Chungking Government would not be objected to as members of the new central government, official quarters in Chungking, according to *United Press*, termed it "dream nonsense." The Yonai statement, they said, was an indication of the Japanese anxiety for a compromise.

Premier Yonai also told the budgetary committee that terms of a formula for peace between Japan and the projected new central government of China would shortly be disclosed at a private session of the Diet. Replying to a suggestion that Japan should denounce the Nine-Power Treaty as a response to the "unfriendly attitude" of the United States, the Premier said that while some provisions of the Treaty did not conform to the present situation in the Far East, denunciation of the Treaty would require careful advance study. The Japanese Government, he added, was not contemplating invocation of belligerency rights in the China conflict "at present."

The Foreign Concessions

The question of foreign concessions in China was also discussed by the budgetary committee. Replying to interpellations by Mr. Yoshimichi Kuboi of the Seiyukai Party, who said that the concessions were the "greatest source of exploitation of China" and run counter to the establishment of a "New Order" in East Asia, Premier Yonai said that the question would be studied after the new central government had been established in China and that the concessions would be treated in accord with the objectives of the New Order in East Asia.

Japanese Communists Get Stiff Sentences

Heavy prison sentences were imposed on seven members of the Japanese Communist Party by the Tokyo Court of Appeals on Feb. 8. The men were arrested several years ago in a general round-up of Communists and were found guilty of "conducting a reign of terror." The *Domei* report referred to the prisoners as members of a "Black Gang" organized by the Japanese Communist Party.

Teibun Uemara, 38, head of the Central Executive Committee of the Party, was given a prison term of six years as against five years imposed by a lower court; Toshio Futami, 35, was given life imprisonment instead of death; and Hisao Aizawa, 33, was sent to prison for six years instead of eight. Lower court sentences in the case of the other four were reaffirmed as follows: Han Irie, 34, a five-year term; Minoru Terao, 36, three years and six months; Etsutaro Ito, 39, a three-year term; Eizo Umemoto, 37, a two-year term.

Fourteen members of the alleged "Black Gang" were sentenced some time ago by the Tokyo District Court. They accepted the terms without appeal. Among the crimes charged against the defendants were the murder of a fellow-Communist, Junzo Shibahara, on Mount Maya, near Kobe, on Oct. 10, 1935 (the actual murder was said to have been committed by Futami); a plot to blow up the Shibaura Works at Tokyo during a labor dispute; and robberies of the Takada Agricultural and Commercial Bank and post offices at Kamimeguro, Tokyo and Suginami, to finance party activities.

N.E. Indies Navy To Be Strengthened

Measures for strengthening the Dutch Navy in the Netherlands East Indies were decided upon by the Netherlands Cabinet recently, according to a *Havas* report from Amsterdam last week, quoting the newspaper *Telegraaf*. But Holland, according to semi-official sources, quoted in dispatches from Amsterdam, does not consider a non-aggression pact with Japan to be necessary. This attitude was revealed following a statement by the Japanese Foreign Minister, Mr. Hachiro Arita, before the Budget Committee of the Tokyo Diet on Feb. 9 and reported by *Domei*. Japan was willing to sign a non-aggression pact with the Netherlands to cover the Netherlands East Indies if the Netherlands desired such a treaty, Mr. Arita reportedly said in reply to a representative of the Social Masses Party, who suggested the conclusion of such a treaty to show that Japan has no designs on the islands. Mr. Arita also said that Japan would be prepared to sign a non-aggression pact with the Philippines.

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Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of The Review.

January 19

Chinese claim success in southern Shansi where in a battle near Hukwan on Jan. 14 almost 1,000 Japanese troops were reportedly killed. Fierce fighting continuing at Suihsien, northern Hupeh; heavy casualties allegedly suffered by the Japanese.

Japanese Army circles resented the choice of Admiral Matsumasa Yonai as premier, as they had expected the appointment of War Minister Hata to the post. The **Kokumin Shimbun**, organ of the Army, said that many were shocked by the selection of Admiral Yonai, and attributed it to palace intrigue.

The **Ta Kung Pao** denounced Wang Ching-wei ,whose peace appeal to Gen. Chiang Kai-shek on Jan. 16 was mentioned for the first time in the Chungking press. The paper said: "Let us tell this traitor that even the 'great Japanese Empire' must prostrate in front of our prolonged resistance policy."

The **Washington Star** branded Wang's peace offer as a "confession" of the Japanese desperation to end the war in China.

The **New York Times** said: "Signs are not lacking that the strain of the struggle with China is being felt increasingly by Japan."

U. S. Sanator Auther Capper urged an embargo on war materials to Japan in a speech in the Senate yesterday.

Sale of United States oil to Japan condemned (yesterday) by Congressman Charles A. Wolverton of Los Angeles.

***

January 20

Three thousand Japanese had been killed in fierce fighting in the Suihsien sector in North Hupeh, and 12 tanks destroyed by the Chinese, the **Central News Agency** reported.

Chinese troops in Kwangsi said gaining in their operations against the Japanese. Japanese troops at Koonyiu, 20 miles northwest of Canton, forced to fall back toward the Canton-Samshui railway zone. Some 600 Japanese soldiers reportedly killed at Chennanyu, east of the Nanning-Yamchow highway.

Japan must abandon her Asia policy, "as it means absolute Japanese domination of China," declared Senator Key Pittman, Chairman of the United States Senate Foreign Relations Committee. He said that sentiment was growing in the United States in favor of an embargo on oil and other exports to Japan.

Count Ciano, Italian Foreign Minister, yesterday cabled Wang Ching-wei wishing him successs in his "drive for the establishment of a new China Central Government."

The Chinese Government delegation to Tibet headed by Gen. Wu Chung-hsin arrived at Lhassa on Jan. 15; Gen. Wu will officiate at the ceremony of installation of the 14th Dalai Lama.

***

January 21

Terms of a secret agreement allegedly concluded by Wang Ching-wei with the Japanese and signed in Shanghai on Dec. 30 last were revealed in a joint letter to the **Ta Kung Pao** in Hongkong, written by Wang's two defected followers, Tao Hsi-sheng and Kao Tsung-wu. Tao and Kao, formerly high officials of the "Orthodox Kuomintang," recently arrived at Hongkong from Shanghai after a split with Wang over the latter's acceptance of Japanese demands and the proposed puppet central government. The terms of the agreement, whose revelation caused a sensation all over China, reportedly include:

1. Recognition of "Manchukuo";
2. General, and especially economic, co-operation with Japan and with "Manchukuo";
3. A common anti-Comintern front;
4. The desination of North China and Mongolia as special zones;
5. Admission of Japan's economic predominance in the lower Yangtse;
6. Recognition of Japan's paramount position in Amoy and Hainan Islands;
7. The right for the Japanese to station troops and warships in North China, Mongolia, designated points of the Yangtse Valley, and the islands along the South China coast;
8. The right of supervising all railways, airlines, postal services, important harbors and water routes by the Japanese;
9. Reductions to be effected in the Chinese police and army forces in certain areas;
10. Payment of indemnities for losses sustained by Japanese nationals formerly in China;
11. Special agreements with Japan for the development of resources, customs revenues and trade for all of which Japan is promised special privileges in advance;
12. **Acceptance of Japanese advisers** in the new Chinese "government";
13. The administration of North China by an "Autonomous Political Council."

Tao and Kao said that they had obtained photographic copies of the secret agreement, one of which had been submitted to the National Government at Chungking. They added that execution of the terms of the agreement would reduce China to a Japanese colony, pointing out that they are even more exorbitant than the Twenty-One Demands.

Wang Ching-wei arrived at Tsingtao by air to confer with Wang Keh-min (head of the Peiping regime) and Liang Hung-chih (head of the Nanking regime) on the question of the establishment of a new puppet central government. Conference scheduled to begin on Jan. 24.

Despite heavy snow storms in many parts of China, severe fighting continuing in the Han River valley of Hupeh and along the highway between the sea coast and Nanning in Kwangsi.

The main portion of Tsengcheng, important city 40 miles east of Canton, reportedly occupied by Chinese troops yesterday; severe street fighting now progressing.

A short life for Admiral Yonai's Cabinet predicted in Tokyo; Japanese politicians declared that the new cabinet had failed to meet the expectations of the nation; senior statesmen attacked for recommending Admiral Yonai as premier.

G. Godfrey Phillips, Secretary and Commissioner-General of the Shanghai Municipal Council, who on January 6 had a narrow escape from assassins' bullets, left Shanghai for Singapore on a three-week vacation.

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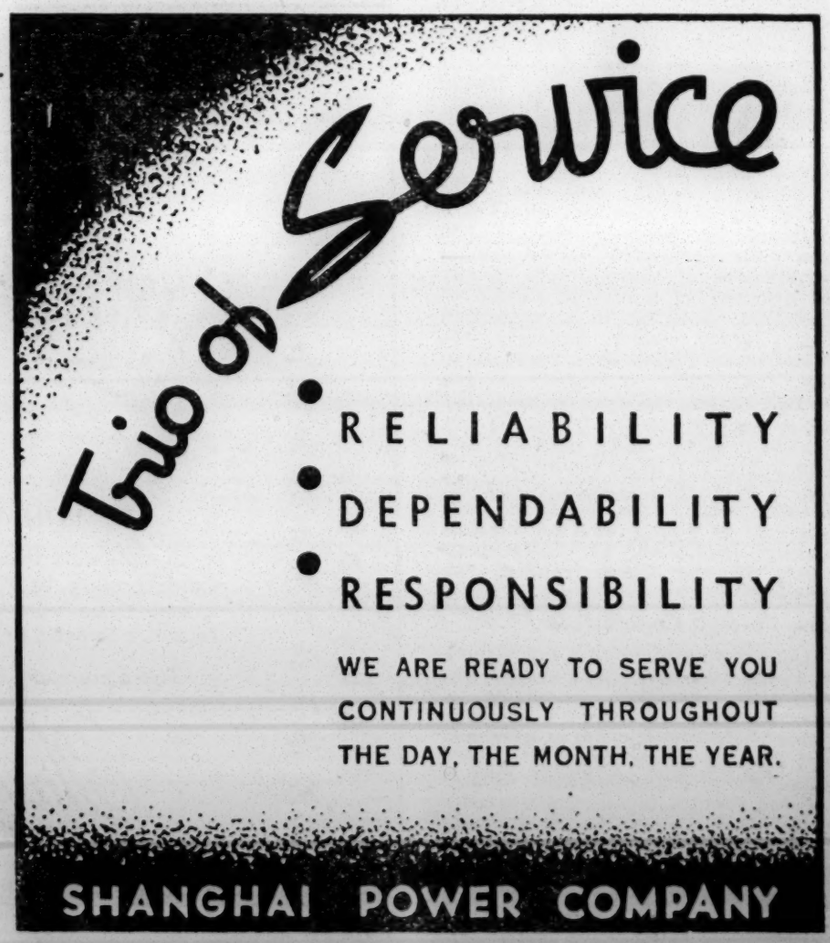
January 22

Confirming the receipt of a photographic copy of the Wang-Japanese secret agreement, the spokesman of the



Who's Who in China

Chou Chung-yao, Government official; born at Chien-Chuan, Yunnan, 1886; passed imperial examinations under the Manchu regime with *Chieh-Yuan* degree; Secretary-General to the Military Governor of Yunnan during the 1911 Revolution; Educational Commissioner for Yunnan, 1912; Administrative

周鍾嶽字惺甫
Chou Chung-yao

Inspector for Central Yunnan, 1913; Secretary-General to the National Boundary Commission, 1915; Secretary-General to the Commander-in-Chief of the National Pacification Allied Army in Yunnan, 1917; Acting Governor of Yunnan, 1919; Salt Commissioner for Yunnan and concurrently Secretary-General of the Yunnan Provincial Government, 1922; Commissioner of Civil Affairs for Yunnan, 1926; member of the Yunnan Provincial Government, 1928-38; Minister of Interior since 1939; author of several books on Chinese ethics and philosophy and of several volumes of essays and poems; address: Ministry of Interior, Chungking.

National Government declared that great bitterness prevailed in Chungking against Wang and the Japanese militarists as a result of the revelation of the terms of the document. The agreement, he said, would make China a second "Manchukuo" and Wang Ching-wei a second Henry Pu Yi.

Under the cover of a heavy snow storm, Japanese detachments crossed the Chientang River from Hangchow last night and launched fresh operations on the southern shore of the river. Hsiaoshan reported occupied today. Object of the new drive said to cut off the supply routes to Chungking and to make safe the areas of the Yangtsze delta along the Shanghai-Hangchow Railway and in the vicinity of Hangchow.

Japanese Embassy spokesman in Shanghai, questioned by foreign correspondents on the reported Wang-Japanese secret agreement, said that he had no information tending to confirm that it was genuine. He added that Japan still adheres to the Konoye statement of Dec. 22, 1938.

Chen Chun-pu, spokesman for Wang Ching-wei in Shanghai, said that the agreement revealed by Tao Hsi-sheng and Kao Tsung-wu in Hongkong was "merely the original Japanese demands and not the terms arrived at."

U. S. Ambassador Nelson T. Johnson left Shanghai for Nanking on an inspection trip to the Lower Yangtsze cities.

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January 23

Denouncing the Wang-Japanese secret agreement as confession of Japan's determination to dominate China, Gen. Chiang Kai-shek issued two statements, one addressed to all friendly foreign powers and the other to the Chinese people. Gen. Chiang appealed to all friendly nations to cease aiding Japan in her attempt to conquer China. He warned the Chinese people that only by resisting Japanese aggression to the end can they hope to survive the present crisis. Gen. Chiang said that the agreement was signed by a traitor and naturally has no validity.

Wang Ching-wei declared in Tsingtao that he would continue his "peace" campaign despite public denunciation. Interviewed at Shanghai prior to his departure for Tsingtao by a Japanese correspondent, Wang said that the proposed central regime in China would "keep in perfect step with the diplomatic policy of Japan." "Your country," he asserted, "is a powerful one and is a victorious nation to-day. It is an important issue to stipulate terms satisfactory to your country as a victorious nation."

Chou Fu-hai, Wang's chief henchman in the peace movement, said in Tsingtao: "The purported agreement made public in Hongkong represented only the private draft prepared by a group of Japanese and was not based upon the wishes of the Japanese Government."

Chungking ratified the Sino-Soviet Trade Agreement signed in June 1939.

Anti-British agitation in North China unabated. Overthrow of "British imperialism in East Asia" urged by Leng Chia-chi, chairman of the "People's Enlarged Anti-British Committee" in Peiping.

Former Tax Bureau Official Kidnapped

Mr. Wu Chi-ting, former government official attached to the Consolidated Tax Bureau in Shanghai, was kidnapped on the night of Feb. 9 by a gang of more than ten armed men, most of whom were armed. The gangsters arrived at Mr. Wu's residence at 111 Rue Massenet, in the French Concession, about 10 p.m. and forced their way into the house after leaving four of their number on guard at the entrances. Mr. Wu was taken away in one of the cars and no alarm was raised until the abductors had completed their task.

Earlier in the day a bomb exploded at the printing plant of the *Ta Ying Evening News*, a British-registered newspaper, 181 Avenue Edward VII. One of the printers was seriously injured and part of the plant was wrecked by the blast.

Mr. T. T. Chu, manager of the *Hwa Mei Wan Pao*, American-registered Chinese newspaper, was reported missing on Feb. 5 but turned up safe and sound the following day. He resided in a house on Route Ferguson in the French Concession and vanished after leaving a friend's house at Lane 850, Peking Road about 2 a.m. His personal bodyguard reported his brief disappearance.

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Men and Events

Commander Toyo Mitsunobu, recently Japanese naval spokesman at Shanghai, has been appointed Naval Attache at Rome.

*

Cyril Rogers, representative of the Bank of England, stationed at Hongkong, has returned to the British colony following a business trip to Shanghai.

*

R. E. O'Bolger, manager in the Far East for Eastman Kodak Company, departed last week on a business trip to Hongkong and Manila.

*

C. Galimberti, correspondent for the Italian Stefani News Agency, has returned to Shanghai from a trip to Japan. He was accompanied by Mrs. Galimberti.

*

Randall Gould, correspondent for *Christian Science Monitor* and editor of *Shanghai Evening Post*, departed on Monday, Feb. 12, for Manila, Hongkong and Chungking.

*

John Ahlers, writer on financial and economic topics, was scheduled to address the Shanghai Rotary Club on Thursday of this week on the subject, "Shanghai Business Outlook After New Year."

*

The Kwangsi provincial government and private interests in the province will shortly establish a modern flour mill in Kweilin, the provincial capital. The mill will use locally produced wheat and will be capitalized at $300,000.

*

The Chinese Consolidated Benevolent Society of New York conducted a monster banner parade on New Year's Day, Feb. 8 as part of the Society's campaign for funds for war refugees in China. The war relief parade replaced parades conducted on previous years by rival tongs.

*

Tatsuo Kawai, Japanese Ambassador-at-Large, who went to the United States some time ago, and then departed for South America, arrived at Santiago, Chile, early in February and made official calls on the President, Sr. Pedro Aguirre Cerda, and on the Foreign Minister.

*

The Japanese authorities have announced that air raid drills for all citizens of Peiping are shortly to be enforced. The object of the action, according to *Reuter*, "is to popularize knowledge of measures to be taken in the event of air raids so the general public will not be thrown into a panic should such raids occur."

*

The China Aviation Company, a Japanese enterprise fostered by the Japanese Army for the purpose of operating airplanes in Central and North China and Inner Mongolia, will shortly transfer its head office from Peiping to Shanghai, according to *Domei* report. The Company plans to operate passenger and mail planes over routes formerly controlled by the Sino-American China National Aviation Corporation and the Sino-German Eurasia Aviation Corporation.

Lester John Berkin, who came to China as a member of the "Joyful News Mission," affiliated with the English Methodist Church, died at Kuling on Feb. 5 of pneumonia. He was over 70 years of age and had resided in China for many years. He assisted in the negotiations leading to the acquisition of Kuling as a summer resort and later became the leading surveyor, real estate agent and insurance representative at the resort. He was long identified with the administration of the resort and was well known to summer residents. He is survived by his wife, a married daughter and two sons.

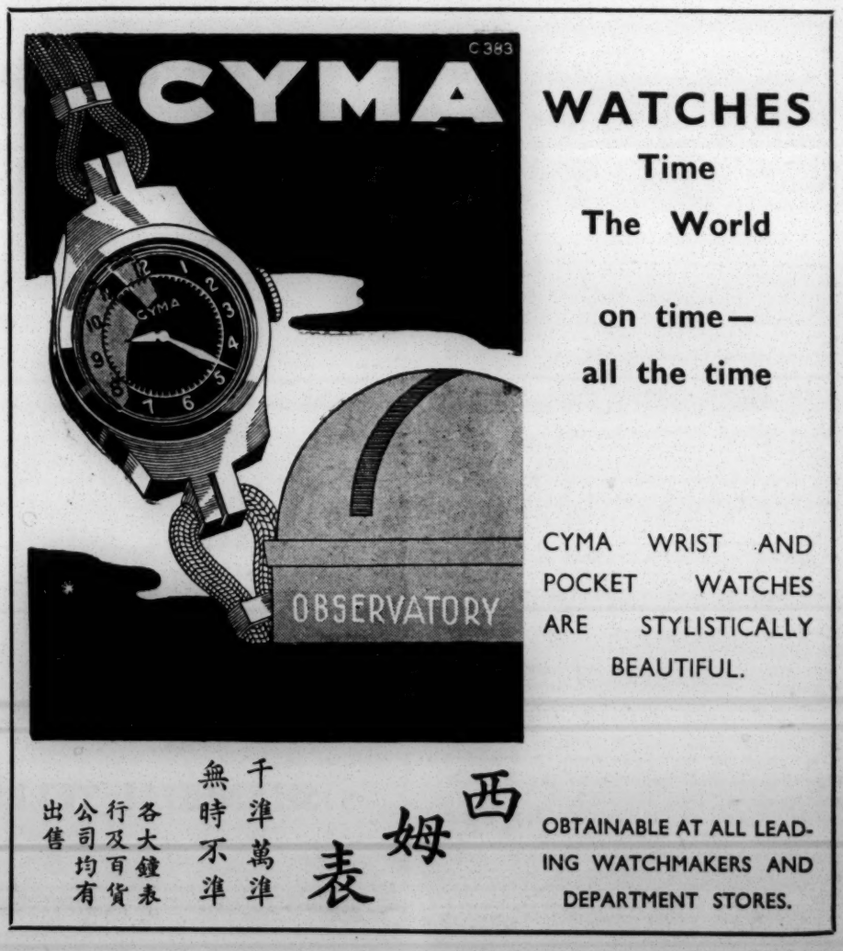
*

P. M. Anderson, head of the American Civilian Relief Committee in Shanghai, brought an action in U.S. Court on Feb. 6 to determine the sanity of and protect property belonging to Patrick W. Cavanaugh, an American employed by the River Police Department. Cavanaugh has the rank of sergeant and is the oldest ranking foreigner in the service. Two French physicians, Dr. A. Tarle and Dr. Velliot, testified that Cavanaugh was suffering from a persecution complex. He had been confined at the Russian Orthodox Confraternity Hospital in the French Concession. Mr. Anderson stated that the object of the Court inquiry was to protect funds due Mr. Cavanaugh on his salary account and prevent him from becoming a charge on the community. Sergeant Cavanaugh was said to have a brother residing in Portland, Oregon.

George C. Bruce, publisher of the *Shanghai Evening Post* and vice-president of the Post-Mercury Company, was married on Feb. 6, at the U. S. Consulate-General, to Miss Zita D. Popova. The ceremony was followed by a reception at the Lido night club, which was attended by employees of the organization. Mrs. M. Osterberger, sister of the bride, was bridesmaid, and M. C. Ford, executive editor, was best man. The ceremony was performed by Judge Milton J. Helmick of the U.S. Court for China.

*

The American Student Union, long under suspicion of receiving Soviet support, repudiated its former leadership at the annual convention of the organization in Madison, Wisconsin on Dec. 30 and refused to approve any resolutions designed to brand Russia as an aggressor nation in its present conflict with Finland. The previous chairman of the Union was Miss Molly Yard, daughter of the Rev. James Yard, formerly pastor of Community Church of Shanghai. Other officers, whose actions were repudiated by the new officers, included Joseph Lash, executive secretary, of New York. New officers elected included Lee Wiggins, 22, Hartsville, S. C., national chairman and Herbert Witt, 23, of New York. Both Lash and Miss Ward disagreed with the action of the convention in ignoring the Russian-Finnish conflict in its resolutions on peace. A minority group, formed immediately after the convention, started a movement for a referendum.



The Tokyo War Office announced, on Feb. 13, the appointment of Miss Miyo Kirita, 24 years of age, as the first Japanese woman selected for medical service in China. She was one of four women doctors who volunteered for service at Army hospitals at the front.

*

Dr. H. H. Kung has been made an honorary member of the Board of Trustees of the International University in Dolpur, India. The appointment was made by Sir Rabindranath Tagore, who is dean of the University. Gandhi, the Indian Nationalist leader, also recently sent Dr. Kung a message emphasizing the importance of Sino-Indian friendship.

*

Dr. Li Yu-ying, President of the Chinese National Academy, departed on Feb. 7 from Genoa on a trip to the United States. Dr. Li, who is also known as Li Shih-tseng, is head of the Sino-French Institute in Shanghai and is well known as a leader of the French group of Chinese returned students.

*

The North China Communications Company, which was formed by the Japanese Army for the purpose of operating Chinese Government railway properties seized by the Japanese military, has announced plans for the creation of a railway car factory, which will be located at Changkueichuang. The plant will be capitalized at $30,000,000 and will be equipped to manufacture freight and passenger cars and locomotives. According to the announcement work on the factory will start in July.

*

Dr. R. T. Shields, head of the medical department of Shantung Christian University and director of the University Hospital in that city, has returned to Tsinan after a visit of several days in Shanghai. While in Shanghai, Dr. Shields was the guest of Dr. A. W. Tucker of St. Luke's Hospital. Dr. Shields' daughter, Miss Eva T. Shields, is a member of the faculty of Shanghai American School.

*

The National Committees of the Y. M. C. A. and Y. W. C. A. and the local committees of the two organizations were hosts at a farewell dinner on Monday, Feb. 5, in honor of the Rev. Luther Tucker, Far Eastern Secretary of the World's Student Christian Federation, who is returning shortly with his family to the United States. The dinner was held at the Shanghai Y. M. C. A. on Boulevard de Montigny.

*

D. M. Ross, general manager in Japan for the Hongkong and Shanghai Banking Corporation, has retired after 40 years of service with the Bank and will reside in Canada in future. Mr. Ross was connected with the Shanghai branch of the Bank, and served at Hankow, from 1902 to 1907. He also served at Hongkong, Saigon and Calcutta. He went to Japan in 1925 and has remained there since, being regarded as an outstanding figure in the banking world in that country. He was succeeded in Japan by A. F. Handcock, who also has been connected with the Bank at Shanghai, Canton, Tientsin and Hankow.

Rudolph Hecht, lawyer and financier in New York, has filed suit in the appellate division of the State Supreme Court against the Universal Trading Corporation and Hsi Lee-mou, manager of the Central Bank, K. P. Chen, Shanghai banker and S. D. Ren, individually and as members of the Chinese financial mission, according to *United Press* message from New York on Feb. 9. The message stated that Hecht alleged he had assisted in the promotion of a U. S. $30,000,000 loan for China, hence was entitled to U. S. $1,000,000 commission.

*

The chief correspondent in Berlin (name not given) of the well known Danish newspaper, *Politiken*, has been placed under detention and prevented from sending reports to his newspaper, according to *Havas* report from Copenhagen, Denmark on Feb. 9. The reason for the Nazi action was the correspondent's report that 3,000,000 Polish citizens in the German-occupied section of Poland have succumbed, since September last, to famine, epidemics or German executions. A *Reuter* report from Berlin on Feb. 11 alleged that about 1,000,000 Poles are now working in Germany, chiefly in agricultural and forestry enterprises.

*

The Panama Canal paid nearly three per cent on its original investment of U. S. $508,346,823, according to the annual report of the U. S. Secretary of War, Harry Hines Woodring. A total of 5,903 ocean-going vessels made the trip through the canal in 1939, which was the largest number since 1929 and fourth highest since the Canal was opened. Tolls amounted to U. S. $23,661,021 and cargoes amounted to 27,886,627 long tons, a two per cent increase over 1938. Net revenues, after payment of all expenses, were U. S. $14,522,343. The Canal has now been open for 25 years. Of the commercial vessels passing through the canal last year those of American registry carried 35.6 per cent of the cargoes; British ships carried 24.4 per cent; Japanese 6.1 per cent; Germans 5.3; Swedish 3.6, the remainder being distributed among 15 countries. The Panama Railway Company, which operates a railway and steamship line to New York, recently announced the placing in service of three steamers costing U. S. $13,000,000. The Canal authorities also announced the early construction of a modern motor highway across the Isthmus, paralleling the Canal.

What News To-day?

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Dr. Arthur N. Young, Financial Adviser to the Chinese National Government since 1929 and previously Economic Adviser to the Department of State at Washington, who was in Shanghai last week, has gone to Hongkong and shortly will proceed to Chungking. Dr. Young has just returned from a trip to the United States. An article by Dr. Young dealing with the finances of the Chinese Government appeared in last week's issue of *The Review*.

*

G. Godfrey Phillips, Secretary and Commissioner-General of the Municipal Council of the International Settlement, returned to Shanghai on Feb. 8 from a vacation trip to Hongkong and Singapore. He departed from Shanghai on Jan. 21. On Feb. 6 gangsters from the "Badlands" area attempted to assassinate him by firing at his car as he was proceeding to his office along a street separating the French Concession from the Western District of the International Settlement.

*

Hubert S. Liang has recently joined the staff of the Chinese Industrial Cooperatives as Associate General Secretary. He was formerly Director of the School of Journalism at Yenching University in Peiping. From December, 1938 to June, 1939 Mr. Liang lectured in the United States. He left to attend the 10th Congress of the International Chambers of Commerce in Copenhagen in July last year, as delegate of the Chinese National Chamber of Commerce.

*

David Kung, eldest son of Dr. H. H. Kung, Minister of Finance of the National Government, departed from Hongkong on Feb. 8 on a trip to the United States. Young Kung, who is head of the Central Trust Company, a Chinese Government organ, is going to the United States in connection with the sale of a large quantity of pig bristles owned by the trust company. The bristles were shipped to Hongkong from the interior, and amounted to 5,000 cases. According to report from Chungking pig bristles shipped to United States and Germany last year exceeded 10,590 piculs and were valued at more than $5,000,000 Hongkong currency. The Central Trust Company attends to the conditioning of the bristles for export.

*

Angus Turner, Inspector, and H. J. Stocks, Sub-Inspector, of the Police Department of the International Settlement, were given a farewell reception by members of the force on Feb. 11. Inspector Turner, recently in charge of the Wayside Station, is retiring after nearly 16 years in the service. He and Mrs. Turner were presented with a silver tea set and casserole. Sub-Inspector Stocks, who has had 13 years' service, was given an inscribed wrist watch. Mr. and Mrs. Turner and Mr. Stocks are departing shortly for Australia where they plan to reside in future. Inspector B. "Bert" Palmer, who also has retired, after 15 years' service, was given a farewell reception by fellow members of the force at the Hongkew Police Station on Feb. 16. He recently was in charge of the Yangtszepoo Station.

Dr. E. C. Lobenstine, former general secretary of the National Christian Council, but in recent years a resident of New York, is now traveling in west China. He was met at Kweiyang, capital of Kweichow Province, late in January by Prof. Dwight Rugh of Yale-in-China at Changsha.

*

The Soviet Consulate-General in Shanghai, which was closed several months ago when most of the officials and staff were transferred to Japan, will shortly be reopened, according to reports circulated this week by the Japanese *Domei* service. The Norwegian Consulate in Shanghai has looked after Soviet consular affairs since the closure of the U. S. S. R. Consulate-General.

*

Frank Martin, Jr., son of the Dean of the School of Journalism of the University of Missouri who has been connected with the editorial department of *The China Press*, is departing shortly on a trip to Chungking where he plans to remain for some time. Mr. Martin accompanied his parents to China several years ago and was a student at Yenching University when his father was exchange professor at that institution.

Posthumous Honors Given Japanese Army's Dead

Posthumous honors for 3,150 Japanese Army officers, soldiers and officials were announced in Tokyo on Feb. 10 by the Cabinet Bureau of Decorations of the Ministry of War. The list was the nineteenth to be announced since the outbreak of the conflict in China and included 94 officers, 2,948 non-commissioned officers and men, and 108 Army officials. The Order of the Golden Kite, Japan's highest military honor, was awarded to 742 persons. All those honored participated in operations in the areas near Hsuchow, along the Lunghai Railway, the Yangtsze River, the Tapieh Mountains and in Manchukuo during the period from July 25, 1937 to Nov. 25, 1939.

Straits Governor Utters Threats to 'Seditionists'

Stern threats against alleged "sedition-mongers" were uttered by Sir Shenton Thomas, Governor of the Straits Settlements and High Commissioner of the Federated Malay States in a speech before the Legislative Council in Singapore on Feb. 12, according to *United Press*.

"We have evidence," he reportedly said, "that trash which is circulated among the labor classes is often violently seditious. Many recent strikes were planned not by the workers but by subversive organizations. Every power we possess shall be brought against these enemies of the state. They are disciples of those against whom the Empire is now fighting. I warn them that sedition is one of the most serious offenses it is possible to commit in war time. Singapore is not a hotbed of sedition —a small minority wants to lead the people to violence and unrest and, because of what may happen if this insidious and malignant disease is not cut off now, I have spoken thus."

New Books of Interest in the Far East

Plan for World Peace

WORLD FEDERATION—By Oscar Newfang. New York, Barnes and Noble, Inc., 1939. 117 + XI pages.

How can permanent world peace be established? Practical steps to be taken in this direction are urged by Oscar Newfang in this book written several months before the outbreak of the European War. The present hostilities are only the natural outcome of the extended international anarchy and international economic chaos which has reigned throughout the world during the post-war years. This unruly situation could be remedied, however, if there were a single authority extending over the whole world. This idea has occurred to many people in different ages, and notably to the statesmen who erected the League of Nations twenty years ago. But now the League has reached its low point in prestige, and is scarcely consulted any longer at times of international crisis. Nevertheless, Mr. Newfang rejects the idea of turning away from the League to find another solution for the problems of the world. He urges that it be revived. Other methods, he believes, are futile, for such devices as treaties, international law, the idea of the balance of power, have never proved able to insure permanent peace.

A study of the individual development of the Great Powers shows that permanent peace in any given area depends on the existence of two conditions: (1) A single, effective, acceptable authority throughout the whole area in which peace is to be kept and (2) free movement of goods, money and persons throughout that area. To bring about such conditions on a world-wide scale the League should be transformed from the present weak alliance or confederation of governments, into a federation of nations possessing real authority. This proposal is not only supported by logic, but the author points out that historic evolution leads in this direction. The history of mankind shows steady progress from family and tribal loyalties to larger and larger political units, such as the present day Great Powers. World Federation is merely the next step.

Practical effect can be given to this proposal by instituting a number of changes in the Covenant of the present League. These changes would be designed to accomplish mainly three things: (1) The Assembly would be transformed into a world legislature in which the majority vote would prevail; (2) compulsory jurisdiction in international disputes would be granted to the World Court; and (3) the Council would be transformed into a real executive, possessed of armed forces and able to raise its own funds by taxes levied through the Assembly. The author suggests as a method for raising the armed force that each nation contribute one-tenth of its armament to the Council every decade. In 20 or 30 years, the League would be an irresistible power.

There is not a great deal of originality in the ideas of Mr. Newfang. Most of them have been voiced frequently, but they have never been accepted by a sufficiently large number of people to bring about their trial by the nations of the world. Advocates of world peace have the task before them of educating the general public toward the acceptance of long-developed schemes, rather than originating new varieties of plans which make the approach to the whole problem more complex. This book performs such a service in an able manner, and in that lies its value.

B.D.C.

The War in China

JOURNEY TO A WAR—By W. H. Auden and Christopher Isherwood. Published by Faber & Faber, Ltd., London, 1939. 301 pages, illustrations, map. Price U.S.$3.00.

"We not wan' to fight Japan. Japan wan' to fight *us!* Ha, Ha, Ha! Japan velly foolish. First she wan' to be number *tree* power. Then number *two*. Then number *one*. Japan industrial country, you see. Suppose we go Japan, dlop bomb—woo-er, boom! Velly bad for Japanese, I tink? Japanese come to China. China aglicultural country. Japanese dlop bomb—woo-er, er, boom! Only break up earth, make easier for Chinese plough land! Much people is killed of course. Velly cruel. But we have lots more, yes? Ha, ha, ha, ha!"

This is not a section from a funny paper. This is a report of an interview with the Mayor of Canton, as given by "two of the most brilliant young English writers of our time." (their publishers' opinion, not the reviewer's.) Commissioned to write a book on war-time China, W. H. Auden, poet, and Christopher Isherwood, novelist, came to China in 1938. They went to Hongkong, Canton, Hankow, north to the Yellow River front, east to Nanchang, through Chekiang, finally to wind up in Shanghai.

The two young men do have their more modest moments: "We both agree that it is nearly impossible for casual foreigners like ourselves to assess Chinese military morale." But on the whole their zest for variety leads them to get equal literary satisfaction in punching a train thief in the jaw, interviewing Madame Chiang, and in estimating the attitudes of Bishop Roots. One might add that the activities of these young men give evidence of some of the non-military problems which pester military men—passes, English-speaking guides, inquisitive foreigners in danger zones.

The travel diary section of the book is between two sections of poems, "London to Hongkong" and "In Time of War, a Sonnet Sequence with a Verse Commentary." One wonders if these poems are intended for the readers of the other part of the book—sonnet sequences and funny paper interviews. Thirty-two pages of good pictures form another section of the book.

F. M. R.

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A Stiff-Neck Humbled

BLACK NARCISSUS—By Rumer Godden. Published by Peter Davies, London.

The appeal of this story lies chiefly in the deft and unbelabored simplicity with which the main characters and their background are drawn. Its telling concerns a small group of Anglican nuns led by a strong-willed Superioress into the pagan fastnesses of the Himalayas. Here, in a former house of pleasure built for the courtesans of a departed prince, they set up their dwelling and a school, a dispensary and a chapel. And here, while their situation, remote from an aged and gout-enfeebled chaplain, deprives her community of spiritual aid, and though she is forced by circumstances to place her reliance in an unregenerate Englishman, with necessities brushing aside the regulations and restraints that should safeguard the religious seclusion of the convent, the superioress holds her charges until the seductive and sensuous atmosphere of the place threatens to bring them all under its spell. Only a culminating series of misfortunes that lead to the insanity and tragic death of her most retractable subject, causes this imperious woman to admit defeat and withdraw in humbled spirit before it is too late.

All this Miss Godden relates with an ease and winsomeness that merits the approbation of attentive reading. If her story is guilty of any mechanical defect, it is that she denies to her creatures all but the least effective of the spiritual forces which might be used in their defense, while granting full play to the powers of paganism arrayed against them. However, even this fault can be excused, since the story is not so much the portrayal of a decisive conflict between two divergent concepts of life, but rather an analytical and convincingly-written account of the humbling of the stiff-necked superioress, Sister Clodagh.

P. J. O.

Oriental Thriller

LIAR DICE—By J. S. Mosher. New York. Simon & Schuster. 302 pages.

Written by a former consular officer in the American Foreign Service, this is a mystery pot-boiler concocted of the usual Oriental thriller ingredients in a Tientsin setting.

Characters include two mysterious European adventurers engaged in munitions and opium smuggling; a Japanese military officer who can readily be recognized as a counterpart of the well-known General Doihara; a Chinese warlord with a harem of Chinese and White Russian concubines whose attributes were apparently inspired by the late General Chang Chung-chang; a voluptuous, conscienceless Eurasian woman whose generously bestowed physical charms incite two men to murder and one—an American Consular officer—to adultery.

Lustful jealousy and opium smuggling rivalry combine as motives for the murder of three foreigners and two Chinese, with the upright American and his fellow-countrywoman surviving to marry and presumably live happily thereafter.

The principal Chinese portrayed are uniformly unscrupulous, licentious and treacherous. One of the most unlikeable characters is an American consular officer and this leads one to wonder why Mr. Mosher left the American Foreign Service after his tour of duty in Tientsin.

V.K.

American Mission School Gutted by Mystery Fire

Fire of unknown origin caused the total destruction of the Girls' High School operated by the American Methodist Mission at Pishan, 25 miles west of Chungking, on Feb. 6, according to a *United Press* message from the Chinese capital. All students were absent from the school for the winter vacation, while two American missionary teachers residing there escaped injury. The school, which is one of the oldest American missionary educational institutions in China, was originally in Chungking and removed to Pishan when the provisional capital was bombed by Japanese airplanes in January, 1939.

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In re. Last Will and Testament of JOHN McGREGOR GIBB, JR. Deceased

Cause No. 4448

Special Proceedings No. 2327

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Alice Gibb Dobbs
Thomas Candlin Gibb
Executors,
c/o Allman, Davies & Kops
208 Hamilton House
Shanghai, China.

Shanghai, China.
January 22, 1940.

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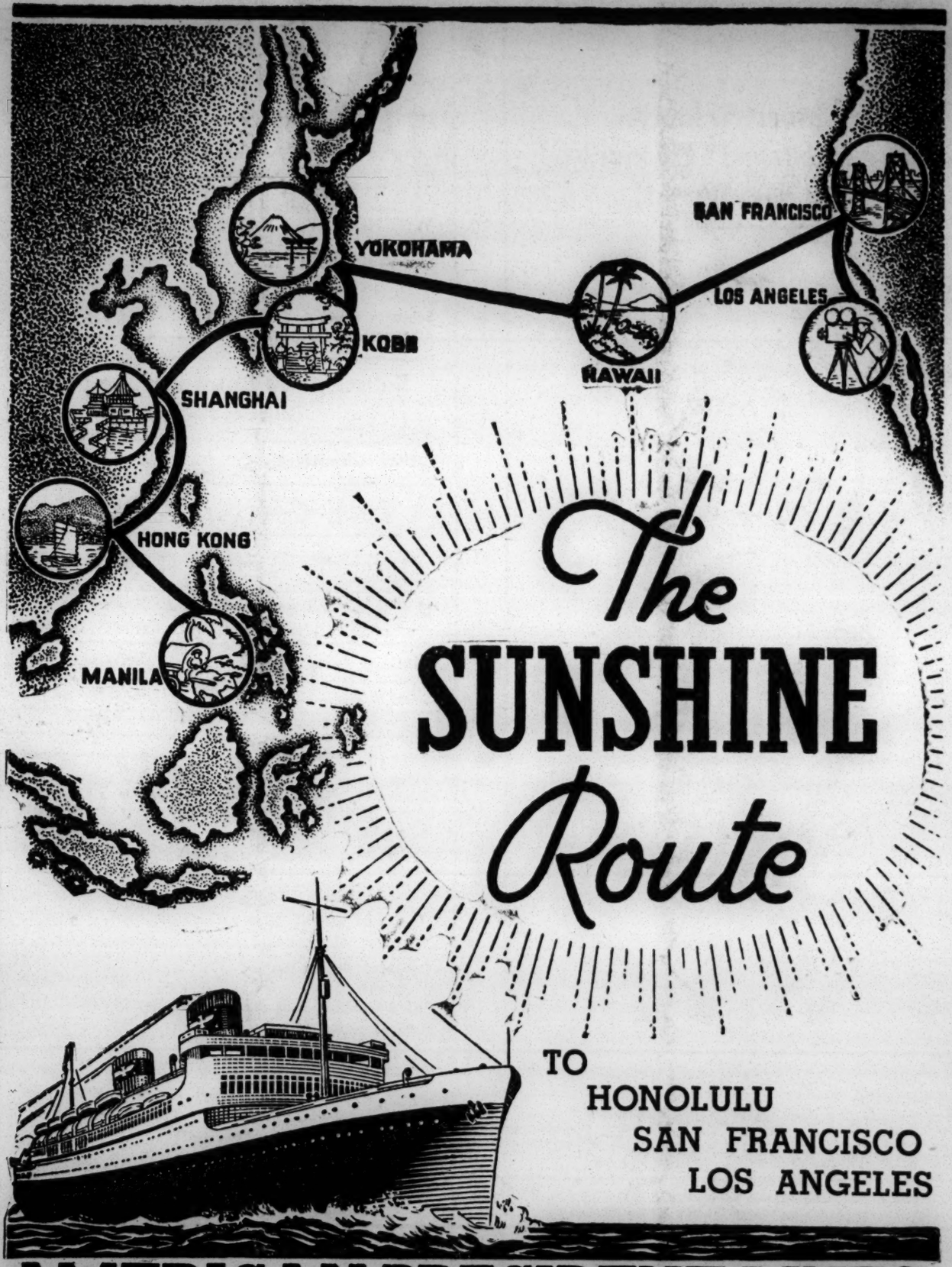

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